DOCUMENT RESUME

ED 308 117	SO 019 982

AUTHOR	Hoepli, Nancy L., Ed.
TITLE	Great Decisions 1989. Foreign Policy Issues Facing the Nation.
INSTITUTION	Foreign Policy Association, New York, N.Y.
REPORT NO	ISBN-0-87124-122-6
PUB DATE	Jan 89
NOTE	99p.; Photographs may not reproduce clearly.
AVAILABLE FROM	Foreign Policy Association, 729 Seventh Avenue, New York, NY 10019 ($9.00).
PUB TYPE	Information Analyses (070) -- Tests/Evaluation Instruments (160)
EDRS PRICE	MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	Agriculture; Citizen Participation; Community Involvement; Disarmament; Ethics; Food; Foreign Countries; *Foreign Policy; *Participative Decision Making; *Political Issues; *Public Affairs Education; *Public Opinion; Questionnaires; Surveys; *World Affairs
IDENTIFIERS	Africa; China; Drug Trafficking; *Great Decisions Program; Latin America; Persian Gulf

ABSTRACT

This briefing book provides the only material needed to participate in the 1989 Great Decisions national non-partisan program of volunteer run discussions on U.S. foreign policy issues for classrooms and community groups. Everyone who participates in the program is invited to fill out the opinion ballots provided in the back of the book; the ballots are then tabulated and presented to various members of the U.S. Government and the national media. The topics for 1989 are: (1) "Ethics in International Relations: Power and Morality"; (2) "The Persian Gulf: Reassessing the U.S. Role"; (3) Latin American Debt: Living on Borrowed Time?"; (4) "Arms Agreements: Too Little Too Late, or Too Much Too Soon?"; (5) "China: Redefining the Revolution"; (6) "Farmers, Food and the Global Supermarket"; (7) "Horn of Africa: Empty Cornucopia?"; (8) "International Drug Traffic: An Unwinnable War?". Each topic area is discussed in considerable detail, with discussion questions and suggested readings at the end of each section. An index to Great Decisions topics (1980-1988), a profile of opinion ballot participants, and the 1988 ballot highlights are included, as are numerous black and white photographs and other graphics. (PPB)

****

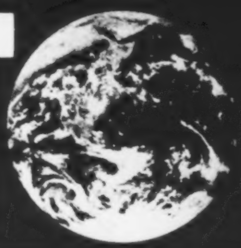
* Reproductions supplied by EDRS are the best that can be made *

* from the original document. *

****

ED308117

GREAT DECISIONS 1989



SO019982

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it

☐ Minor changes have been made to improve reproduction quality

- Points of view or opinions stated in this document do not necessarily represent official OERI position or policy

"PERMISSION TO REPRODUCE THIS MATERIAL IN MICROFICHE ONLY HAS BEEN GRANTED BY

Mark S. Callahan

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

- ETHICS & FOREIGN POLICY
- PERSIAN GULF
- LATIN AMERICAN DEBT
- ARMS TALKS—NEXT ROUND?
- CHINA'S REVOLUTION
- FEEDING THE WORLD
- HORN OF AFRICA
- WAR ON DRUGS

FOREIGN POLICY ASSOCIATION

729 Seventh Avenue, New York, N.Y. 10019

FOREIGN POLICY ASSOCIATION

PURPOSE AND PROGRAMS

The Foreign Policy Association's aim, since its founding in 1918, has been to help Americans gain a better understanding of significant issues in U.S. foreign policy and stimulate constructive and informed citizen participation in world affairs.

FPA is independent, nonpartisan and nongovernmental. It is a national, not-for-profit, educational organization whose basic function is to define and call wide public attention to those major issues of contemporary foreign policy that government and people must resolve in democratic partnership.

The GREAT DECISIONS program, based on the impartial briefing book which has been prepared by FPA's editors annually since 1955, involves more than a quarter of a million people in study and discussion of eight foreign policy issues facing the United States.

The year-round *Headline Series* books and special publications bring additional lively, authoritative resources on current world topics to the general public, to educators and other professionals, and to students in high schools, colleges and universities. FPA's publications and the meetings it sponsors with national and world leaders promote debate and, through TV, radio and the print media, reach out to more Americans than any other world affairs educational service in the nation.

Editorial Advisory Committee

Chairman, Stanley H. Hoffmann, Douglas Dillon Professor of the Civilization of France
Chairman, Center for European Studies, Harvard University

Carol Edler Baumann, Director
International Studies and Programs
University of Wisconsin-Milwaukee

Earl W. Foell
Editor-in-Chief
The Christian Science Monitor

John Lewis Gaddis
Professor of History
Ohio University

Edwin Newman, Columnist
King Features Syndicate

Ponchitta Pierce
Television Host and Producer

Andrew F. Smith
President
The American Forum

James A. Van Fleet
Executive Director, International Center
University of Louisville

L.M. Weins
President
The H.W. Wilson Company

Allen Weinstein
President
The Center for Democracy

FPA Editor: Nancy L. Hoepli

Contents

1 **ETHICS IN INTERNATIONAL RELATIONS:** *Power and Morality* . . . **5**

2 **THE PERSIAN GULF:** *Reassessing the U.S. Role* . . . **15**

3 **LATIN AMERICAN DEBT:** *Living on Borrowed Time?* . . . **26**

4 **ARMS AGREEMENTS:** *Too Little Too Late, or Too Much Too Soon?* . . . **36**

5 **CHINA:** *Redefining the Revolution* . . . **47**

6 **FARMERS, FOOD AND THE GLOBAL SUPERMARKET** . . . **57**

7 **HORN OF AFRICA:** *Empty Cornucopia?* . . . **69**

8 **INTERNATIONAL DRUG TRAFFIC:** *An Unwinnable War?* . . . **79**

☐ **OPINION BALLOTS** . . . **93 and 95**

Index to past GD topics. . . **89**

Opinion Ballot Report 1988 Highlights . . . **90**

Editor's note: We earnestly request that our readers not make copies of the Great Decisions book or its articles without our permission. We are a not-for-profit organization, and we count on you—through your purchase of Great Decisions and other FPA publications—to help us continue our educational programs.

Staff for Great Decisions 1989: Editor in Chief: Nancy L. Hoepli; **Senior Editors**: Nancy King, Ann R. Monjo, Lawrence G. Potter, K. M. Rohan; **Associate Editor:** Mark Vaughan; **Editorial Assistant**: Gaiti Ali; **Editorial Interns:** Marco A. Abbruzzese, Roberto Luis Arroyo, Dorothy M. Grant, Evelyn Ruiz; **Consultant:** J. Owen Zurhellen Jr.; **Consultant on Opinion Ballots,** Helmut Norpoth; **Typography and Design**: K.M. Rohan. Printed by Dartmouth Printing Co., Hanover, New Hampshire

© Copyright 1989 by Foreign Policy Association, Inc., 729 Seventh Avenue, New York, New York 10019

All rights reserved. No part of this book may be reproduced in any form, or by any means, without permission in writing from the publisher.

Researched as of November 21, 1988. Printed in the United States of America. Library of Congress Card Number 58-59828.

A Special Message from the President of FPA

Dear Great Decisions Participant:

For 70 years, the Foreign Policy Association has been committed to the idea that greater public understanding of critical foreign policy issues facing this nation is the basis for an enlightened U.S. foreign policy.

Today, FPA faces a challenging situation. Having subsidized much of the actual cost of the Great Decisions book from other income in the past, we find ourselves in a period of rising publishing charges coupled with changes in traditional funding patterns. This means we must seek additional sources of support.

For that reason, we now turn more directly to you. If the Great Decisions program has meant something significant to your education about foreign policy and if you have derived personal satisfaction from exploring these kinds of issues with your neighbors and friends, we hope very much that you will want to respond to this request for financial support. It will be your stake in building a stronger, more viable Foreign Policy Association.

We ask that each of you who takes part in our program make a modest voluntary contribution of $10 to $20. Those who can afford more are urged to take advantage of the offer made in the envelope inserted in this book, as many of you have in prior years.

We have always regarded the Great Decisions program as the core of our educational efforts and want to maintain it at a high level of quality. With your help, we can assure that goal.

Sincerely,

Jack Kiermaier

John W. Kiermaier

P.S. If the envelope in the book has already been used, kindly send your contribution to:

Great Decisions Fund
Foreign Policy Association
729 Seventh Avenue
New York, N.Y. 10019

INTRODUCTION

EIGHT YEARS AGO President Ronald Reagan was elected in a landslide victory with a mandate to restore America's rank and prestige in the world. President George Bush's mandate appears somewhat less clear-cut. He faces a Congress controlled by Democrats, and a consensus on foreign policy may be more difficult to achieve. How different are the foreign policy issues confronting President Bush in 1989 from those President Reagan inherited?

In 1981, Americans' great concern, as reflected in the GREAT DECISIONS book of that year, was the Soviet Union. Since the heady days of *détente* in the early 1970s, the superpower relationship had deteriorated to one of rancor and high tension. In December 1979 Soviet combat troops had invaded neutral Afghanistan, their first foray outside of Eastern Europe since World War II.

A 'Twin Pillar' falls

The Soviet invasion occurred less than two months after young Iranian militants had seized the American Embassy in Tehran and taken its occupants hostage. America's close ally the shah had been overthrown earlier in the year by a coalition dominated by Islamic revolutionaries, leaving the U.S. without one of its Twin Pillars of support in the region.

When Iraq attacked Iran in September 1980, the U.S. had new cause for anxiety. The war zone embraced the Persian Gulf, which supplied 60% of the world's oil. The Carter Administration declared the area part of an "arc of crisis" and mobilized a Rapid Deployment Force to protect U.S. strategic interests there. Carter obtained the use of Somali bases (along with others in Kenya and Oman) for the RDF.

Closer to home, a "new political earthquake zone," as GREAT DECISIONS '81 described it, had developed in Central America. A revolution in Nicaragua had led to the ouster of long-term dictator Anastasio Somoza, and the U.S. provided aid to the new leftist Sandinista regime but with the proviso that Nicaragua not support terrorism in other countries. Meanwhile in nearby El Salvador and Guatemala, U.S.-backed governments were under siege by opposition from the left and right.

In South America, Chile and Argentina were still in the hands of repressive regimes, while Brazil was moving toward the restoration of democracy but struggling under the burden of a $57 billion foreign debt, the largest in the Third World.

Drawing by Arnie Levin: © 1988 The New Yorker Magazine, Inc.

"We're running a bit short of time tonight, so let's skip the questions and go right to the answers."

In the Far East, the U.S. relationship with China was developing rapidly since diplomatic relations had been established in January 1979. Americans' great concern was with the trading and financial superpower next door, Japan. GREAT DECISIONS readers in 1981 grappled with the question, "Is American competitiveness slipping?"

In 1989, Americans are still concerned about their competitiveness and even more worried about their staggering trade deficit. Relations with China continue to mature, and that country's rapid rate of modernization and economic growth is one of the most dramatic success stories of the 1980s (see Topic 5).

In this hemisphere, the Sandinistas still rule despite attempts by U.S.-backed contras to force reforms or overthrow them, and El Salvador's civil war continues. Argentina and Brazil have made the transition to democracy, but the debt burden has not eased. In fact it has grown worse (see Topic 3).

Of oil and troubled waters

The U.S. hostages in Iran were released, but other U.S. hostages were seized in Lebanon. Some have been held for more than three years. The Iran-Iraq War has ended—or at the least the cease-fire is holding—and oil continues to flow uninterrupted through the Strait of Hormuz, but serious obstacles stand in the way of a lasting peace (see Topic 2).

The strategic concern that drew the U.S. to the Horn of Africa eight years ago has not changed substantially, but there is an added humanitarian dimension to the concern—the plight of the victims of the worst famine in this century and the fate of the refugees from civil war (see Topic 7).

In Afghanistan, Soviet troops are scheduled to leave by February 15, 1989. The Soviet agreement on Afghanistan, reached through the good offices of the United Nations, is one mark of the new flexibility in Soviet foreign policy since Mikhail S. Gorbachev took office in March 1985. Other evidence is the progress on arms control. In December 1987 Reagan and Gorbachev signed the first agreement to call for the actual reduction of nuclear missiles on both sides, the intermediate-range nuclear forces treaty (see Topic 4).

As the perception of the Soviet threat has receded, Americans' security concerns have shifted. In 1988, more than 80% of those surveyed by "Americans Talk Security" cited illegal drugs as the greatest threat to national security (see Topic 8).

The war on drugs is an international as well as a domestic issue. Reducing supplies could deny profits not only to drug czars but to some of the poorest farmers in the Third World. Today some 700 million people in the Third World go hungry while food surpluses mount in the U.S. and elsewhere (see Topic 6).

The foreign policy agenda awaiting the new President and his secretary of state, James A. Baker 3d, is a lengthy and daunting one. They will need the cooperation of Congress and, equally important, the support of the American people to carry it out. Is there a consensus on foreign policy goals and priorities?

Last summer two former secretaries of state, one Republican, one Democratic—Henry Kissinger and Cyrus Vance—called for "a national debate on how and where the U.S. should spend its diplomatic, military and economic resources in the decades ahead. These discussions should involve Americans from a broad range of occupations, because citizens in all walks of life are vitally concerned not only about their survival, but about the shape of the world in which they will live."

The presidential campaign is over. The election has taken place. But the national debate in search of the bipartisan consensus that Kissinger and Vance called for is only just beginning. As Americans contemplate the future role of the U.S. in the world, they will want to consider not only American goals but the ethical principles that guide them. This is the subject of Great Decisions Topic 1 in 1989, the first year of a new Administration.

Great Decisions offers no pat answers. The editors' aim is to give students and other conscientious citizens some guidance on hard problems and a careful balance among opposing viewpoints. The editors invite you to consider the eight issues in this year's briefing book, to discuss them and to express your views by filling out the opinion ballots in the back of the book. The ballots have been prepared with the help of political scientist Helmut Norpoth. After the ballots have been tabulated, the National Opinion Ballot Report will be presented to your representatives in Congress and to policymakers in the executive branch as well as to the media.

The Editors

How to get more out of Great Decisions

● **TELEVISION. . .** As Great Decisions 1989 goes to press, plans are under way for a series of eight television programs on the 1989 topics. Please contact Great Decisions Media, Foreign Policy Association, for details.

● **BIBLIOGRAPHY** for Great Decisions 1989. . . This annotated bibliography by FPA's editors provides further reading suggestions on the eight topics. Send for your copy (20 pages) $2.00 each, plus $1.75 for postage and handling, prepaid.

● **1989 ACTIVITY BOOK. . .** The Great Decisions 1989 *Activity Book* (48 pages) has been prepared by Dr. Mary E. Soley, FPA's social studies education specialist, and Learning Design Associates of Columbus, Ohio.

Designed to be used with the Great Decisions 1989 briefing book, it provides learning objectives, teaching strategies, decisionmaking exercises, role-playing activities and handouts that can be reproduced for classroom use. It reinforces important concepts, promotes critical thinking skills and provides 16 student activities. It also includes questions, summaries and glossaries for each of the eight topics.

Although the *Activity Book* is invaluable for teachers who use the Great Decisions 1989 briefing book with their students, it also can help discussion leaders plan stimulating group participation around 1989 topics ($9.95 plus $1.75 for postage and handling, prepaid).

● **LEADERSHIP HANDBOOK. . .** Guide, prepared by Nancy M. Yanofsky, director of FPA's College and Community Programs, discusses need for citizen involvement in foreign policy and includes strategies for establishing and maintaining world affairs programs. A how-to manual as well as a ready-reference book. (Write to FPA for price information.)

● **WORLD MAP** included with this book is based on projection by Arthur H. Robinson.The National Geographic Society adopted the Robinson projection last year for all its world maps. © 1987. Additional copies available for $1.95, plus $1.75 for postage and handling, prepaid.

TO ORDER FPA MATERIALS, PLEASE MAKE CHECKS PAYABLE TO FOREIGN POLICY ASSOCIATION AND ORDER FROM:

Foreign Policy Association
729 Seventh Avenue, New York, NY 10019
For information call: (212) 764-4050

1.

ETHICS IN INTERNATIONAL RELATIONS

POWER AND MORALITY

THE EIGHT-YEAR Administration of Ronald Reagan saw a renewal of U.S. willingness to use its power beyond its borders, something it had been reluctant to do in the years following the Vietnam War. This activism was welcomed by some and condemned by others in debates in which both sides claimed the moral high ground. The Administration justified its intervention in Central America, for example, on the grounds that the U.S. had a responsibility to defend freedom and democracy against communism everywhere, especially in its "backyard." Administration critics objected that the Reagan goal of "rolling back" communism was ill-advised and that intervention in Third World conflicts was immoral and violated international law. The debate broke out repeatedly: over U.S. support for the rebels in Angola, the 1983 invasion of Grenada, the mining of Nicaraguan harbors in 1984 and the 1986 bombing of Libya. The Iran-contra scandal gave critics more ammunition: congressional investigations revealed that top Administration officials had knowingly violated U.S. laws and deliberately misled other government officials and Congress in striving toward goals that conflicted directly with those being pursued by the State Department.

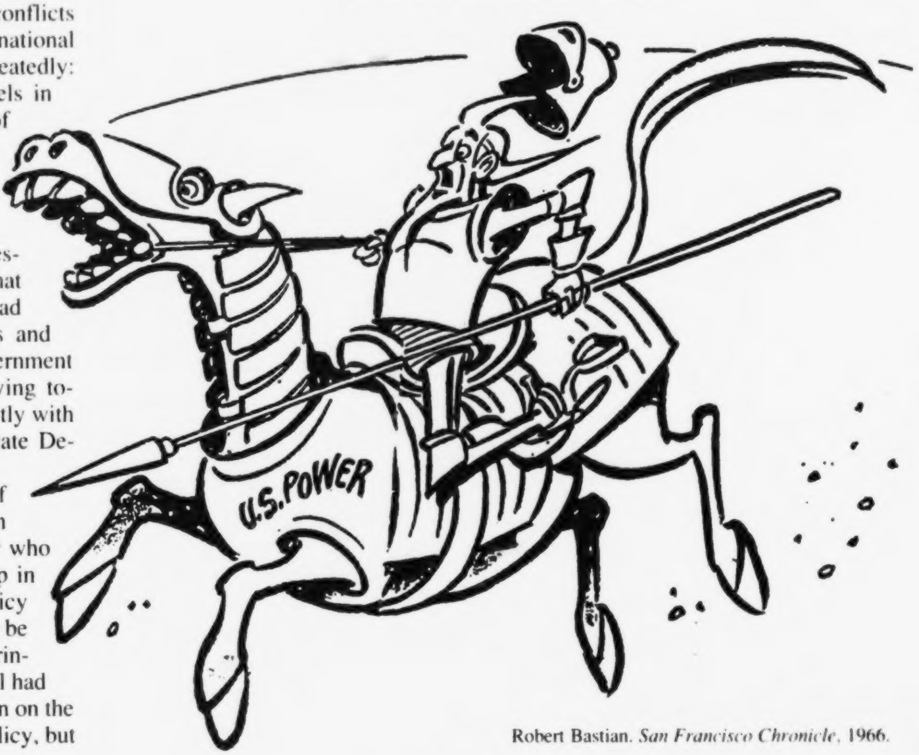
In mid-1988, the editors of the Foreign Policy Association received a letter from a reader who worried: "Are we so caught up in the practicalities of foreign policy that we can't make the effort to be sure we are guided by ethical principles?" The Iran-contra scandal had refocused the country's attention on the question of ethics in foreign policy, but the Reagan Administration was hardly the first to have to weather such a scandal. And the Reagan years were not the first time large numbers of Americans questioned the ethical basis of U.S. foreign policy.

The U.S. is a superpower. It has interests beyond its borders and considerable economic, diplomatic and military clout that give it the ability to affect events taking place far from its shores—both through the direct exercise of force and, more generally, by leadership and the power of example. What responsibilities does this give the U.S.? What considerations and constraints should govern its actions? How should it set these criteria and make sure that they are honored?

International ethics

Webster's dictionary defines ethics as "the study of standards of conduct and moral judgment," and moral as "relating to, dealing with, or capable of making the distinction between, right and wrong in conduct." Political philosophers have debated the role of ethics in international conduct for centuries. Drawing on a heritage influenced by classical Greek and Roman thought, Judeo-Christian morality and the ideas

"Of course I'm in charge—I think."



Robert Bastian. *San Francisco Chronicle*, 1966.

President Reagan

of the Enlightenment, Western thinkers have adapted the maxim "Do unto others as you would have others do unto you" in ways that affect the behavior of states toward each other. A few of these standards are universally accepted; most are not.

Many of those that have found wide recognition as guides for international conduct have been incorporated into international statutes and therefore have a legal basis as well as a moral one. The tradition of the "just war," for example, dates from Roman times. Thereafter it became part of early Christian teachings, and, as modified over the centuries, survives today as a widely acknowledged guide for the morally acceptable use of force in international politics. It places a premium on national sovereignty and autonomy, prohibits the use of force against another nation except in self-defense and then only as a last resort, limits means to those that are proportionate to ends, and provides for the immunity of noncombatants.

The principles of sovereignty and the just war found their way into the United Nations Charter. Article 2 states that member states must "refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state...." The only exception, recognized in Article 51, is "the inherent right of individual or collective self-defense...." The Charter also affirms the sovereignty of member states and their right to freedom from outside interference in their domestic affairs. Although many skeptics would point out that the injunction against the use of force has been honored mostly in the breach, violators usually do try to justify their actions by making them appear to be in accordance with internationally recognized norms.

The principles of sovereignty and noninterference have also been written into the charters of regional alliances such as the Organization of American States (OAS). Prohibitions against genocide, torture and certain other human rights abuses have also been incorporated into international law statutes since World War II, reflecting their widespread acceptance.

In day-to-day international politics, however, even universally accepted standards are difficult to translate into guides for behavior. Policymakers are usually forced to make hard choices between conflicting values (world peace vs. democracy for all, liberty vs. justice, or economic growth vs. social equality, for example), or to come up with a combination of the least objectionable of a number of unpleasant possibilities. Not everyone will come down on the same side when asked to choose which—or whose—values should be assigned top priority.

If ethics cannot serve as a "how-to" foreign policy guide, it can suggest considerations for statesmen. Suppose country A decides to invade country B. What are A's motives? Does it want B's territory or resources? Or does it want to stop the genocide of B's people by a tyrant? Is one goal morally acceptable, or is A's action unwarranted in either case? If warranted, what *means* will A use? Will it bomb B's countryside, causing thousands of civilian deaths? Will it use chemical weapons? Is either of these acceptable even in pursuit of a goal judged legitimate? In other words, are the means A uses *proportionate* to the ends it seeks? What *consequences*—intended or unintended—will A's action have? (And what consequences will not taking action have?) Will B's people be better or worse off after A invades? How likely is A to achieve its goal, and what risks are involved should it fail?

Idealism and realism

Historian Arthur M. Schlesinger Jr. has written that "people who respond to international affairs divide temperamentally into two schools: those who first ask of a policy, "Is it morally right?" and those who first ask, "Will it work?" President Woodrow Wilson was perhaps the prime example of the former, the idealistic internationalist. His failure to realize his dream of moving the post-World War I world beyond the power politics that caused the conflict led to the birth of the modern realist. Most realist thinking is affected by moral reasoning, but the realist has come to the conclusion that ethical behavior among nations does not necessarily follow the same rules as ethical behavior among individuals. For example, as the late political scientist Hans J. Morgenthau, considered by many "the ultimate realist," observed: "the individual may say for himself ...let justice be done even if the world perish, but the state has no right to say so in the name of those who are in its care." To do so would get in the way of another moral principle—that of national survival—which, because it is responsible for the well-being of its citizens, is the primary responsibility of a government. "Realism...," concludes Morgenthau, "considers prudence—the weighing of the consequences of alternative political actions—to be the supreme virtue in politics."

Realists tend to be suspicious of morality as a motivating force in international behavior, fearing that it too quickly becomes "moralism"—mistaking one's own values for universal moral truths and subordinating all other moral principles to them—which can lead to ill-advised crusades in their name. A better guide, realists think, is the objective pursuit of the **national interest.** Their critics object that the national interest is impossible to define objectively and is such an ambiguous concept that it can be easily abused, serving as license for almost any action at any time.

Schlesinger disagrees with these critics, arguing that national interest, if consistently pursued, "is a self-limiting motive. Any rigorous defender of the idea must accept that other nations have their legitimate interests too....National egomania turns out to be contrary to long-term national interest." The difficulty, of course, is correctly identifying what a nation's interests are—a difficulty especially pronounced in a democracy where many points of view and voices are involved in making foreign policy.

Means and ends in U.S. foreign policy

U.S. FOREIGN POLICY, since revolutionary times, has always combined strong elements of pragmatism and idealism. Although they have frowned on imperialism as it was practiced by the European colonial powers, Americans have tended to believe strongly in the "American mission": in the superiority of their system of government and its potential to transform the rest of the world, above all through the power of example. They tend to be suspicious of power and power politics and incline toward optimism, believing that most international political problems can be "solved" without resorting to violence. Until recently, Americans resisted maintaining a large standing army during peacetime, opposed conscription and sought to limit the military's influence in policymaking. Americans also have a strong pro-law disposition: as one historian has noted, 49 of the first 57 U.S. secretaries of state were lawyers. These national traits do not add up to a consistent worldview and have influenced the formation of U.S. foreign policy in different—and often contradictory—ways over time.

The early Republic

The generation that won its independence from Britain in the American Revolution was self-consciously determined to break with all that it saw as immoral in the Old World, including the balance-of-power politics that were constantly plunging the Continent into war. Americans wanted the geographical separation between the U.S. and the rest of the world to be a spiritual one as well. George Washington warned future generations in his farewell address to steer clear of continental politics: "Europe has a set of primary interests which to us have none or a very remote relation. Hence she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns....Our detached and distant situation invites and enables us to pursue a different course."

For the next century and a half, although the U.S. maintained close commercial and cultural ties with Europe, it remained firmly detached from continental politics. The U.S. was able to sustain this posture partly because of geography but more importantly because it was in Britain's interest to keep other powers from encroaching on its lucrative trade with the U.S. The powerful British Navy helped protect U.S. interests long before the U.S. was strong enough to safeguard its own.

As the U.S. began expanding westward, Americans took pains to distinguish their "legitimate" expansionism from the "immoral" imperialism of the colonial European powers. America had a "manifest destiny," in the words of John Louis O'Sullivan, who used the phrase in 1845 to push for the annexation of Texas, "to overspread the continent allotted by Providence for the free development of our yearly multiplying millions." But although it cloaked its expansionism in moralistic pronouncements, the U.S. pursuit of its manifest destiny involved behavior that remarkably resembled the European imperialism it condemned. Growing interest in acquiring new markets for American manufactures in the late 1800s helped lead the U.S. into the Spanish-American War in 1898, from which it emerged with several new territories, including the Philippines. President William McKinley reportedly agonized over whether or not to annex the islands, and finally decided to do so because, among other things, the U.S. "could not leave them to themselves...there was nothing left for us to do but take them all, and to educate the Filipinos, and uplift and civilize and Christianize them...."

The U.S. was shaken out of its preoccupation with its own expansion by World War I, which it entered late and reluctantly. When it was over, Wilson tried to put American power to work building a new international order based on the League of Nations. The League embodied the American ideals Wilson cherished: the inviolability of national sovereignty, the rule of law, collective security and world peace. But public and congressional sentiment opposed Wilson and the League. Americans wanted to protect their own interests, which they believed was best accomplished by steering clear of other nations' problems. By and large the U.S. retreated to its side of the Atlantic until another world war again forced its reinvolvement in the world.

The U.S. as superpower

The U.S. emerged from World War II with its military and economic power and its prestige unchallenged, while Allied and enemy countries lay in ruins. Americans felt an obligation to assume a global leadership role, and the U.S. has remained active in international politics since then.

While the U.S. quickly demobilized at the end of the war, the Soviet Union moved to extend Communist control over Eastern Europe and other selected areas. This helped push the superpowers into the cold war and the U.S. into adopting a policy of "vigilant *containment* of Russian expansionist tendencies," in the words of a famous article by "Mr. X," later identified as then Ambassador to Moscow George F. Kennan. Containing communism, which was widely perceived in the West as an immoral system of government, was a goal that became the cornerstone of U.S. foreign policy, one that commanded widespread bipartisan support for two decades.

Active anticommunism required new means and resources, and the National Security Act of 1947 provided the executive branch with many of them. It established the Department of Defense to coordinate the activities of the military services, the National Security Council (NSC) to advise the President, and the Central Intelligence Agency (CIA). The CIA, under NSC jurisdiction, was to collect and evaluate information and perform "such other functions and duties related to intelligence" as directed by the NSC. These "other functions" included covert operations abroad—secret political, economic and paramilitary operations designed to influence events in other countries.

Also in 1947, President Harry S. Truman pledged U.S. help to countries threatened by "aggressive movements that seek to impose upon them totalitarian regimes." The following year, the U.S. began providing economic aid to West European countries through the Marshall Plan in the hope of inoculating them against communism, and Congress passed legislation leading to the formation of a military alliance to counter the Soviet threat, the North Atlantic Treaty Organization (NATO). This was followed by the formation of other alliances linking the U.S. with nations strategically located for the containment of Soviet expansion. At the end of the tenure of Secretary of State John Foster Dulles in 1959, the U.S. was a member of some 40 security arrangements.

Although most Americans supported the war in Vietnam when the first U.S. combat troops landed there in 1965, opposition was widespread by the end of the decade.

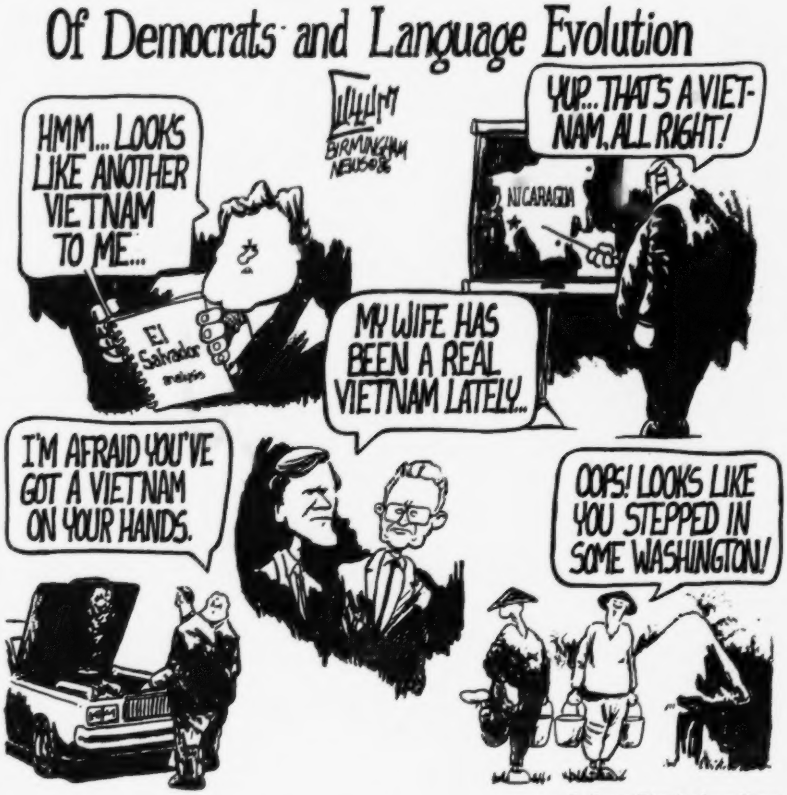
The 1950s and 1960s saw the beginnings of major changes in the international system that posed new challenges for the U.S. in its self-appointed role as leader of the free world. The first of these was decolonization, which, by 1965, had added 48 new names to the roster of the world's independent nations. The Third World became the front line in the containment battle, as the U.S.S.R. attempted to win new countries to communism and the U.S. sought to prevent it from doing so. In this battle, the major weapons were economic assistance and the supply of weapons, military advisers and/or troops. The stakes were high, in Dulles' view: if communism prevailed in the Third World, "the world ratio as between Communist-dominated peoples and free peoples would change from a ratio of two-to-one in favor of freedom to a ratio of one-to-three against freedom. That would be...almost intolerable...."

The rise of covert activity

To fight Communist inroads, the U.S. increasingly turned to covert operations. The U.S. used the CIA in Iran in 1953 to help overthrow Mohammad Mossadeq, who had won the support of the Iranian Communist party, and return the pro-American Mohammad Reza Shah Pahlavi to the throne. In 1954, the CIA helped overthrow the leftist leader of Guatemala, Colonel Jácobo Arbenz Guzmán, who had nationalized extensive property belonging to the U.S.-owned United Fruit Company. Dulles denied any knowledge of CIA involvement, which explicitly violated the OAS charter's prohibition on one member intervening in another's internal affairs. A U.S. attempt to repeat its success in Guatemala with a CIA-supported invasion of Cuba at the Bay of Pigs in 1961 failed, however, resulting in the death or capture of those involved and humiliation for the new Administration of John F. Kennedy (1961–63). Cuba's new leader and Soviet ally Fidel Castro remained firmly in charge.

Vietnam

Few in the U.S. questioned the morality of covert activity until the early 1970s. By then, the war in Vietnam and the Watergate crisis had split the post-


Of Democrats and Language Evolution
HMM... LOOKS LIKE ANOTHER VIETNAM TO ME...
El Salvador analysis
BIRMINGHAM NEWS
YUP... THAT'S A VIETNAM, ALL RIGHT!
NICARAGUA
MY WIFE HAS BEEN A REAL VIETNAM LATELY...
I'M AFRAID YOU'VE GOT A VIETNAM ON YOUR HANDS.
OOPS! LOOKS LIKE YOU STEPPED IN SOME WASHINGTON!

Cullum, *Birmingham News.*

war consensus on the legitimacy of containment as the supreme end of U.S. foreign policy and on what constituted ethical means to achieve it.

The long U.S. involvement in Vietnam had its roots in the early 1950s, which saw the weakening of French power in Indochina (Vietnam, Cambodia and Laos). President Dwight D. Eisenhower (1953–61) warned in 1954 that Vietnam's fall to communism could topple the rest of non-Communist Asia like a "falling domino." After the French exit and the temporary division of the country into Communist North and non-Communist South, the U.S. committed itself to bolstering the South against the efforts of North Vietnamese leader Ho Chi Minh to reunite the country.

U.S. support gradually escalated into full-scale military involvement, although the Congress never declared war. President Lyndon B. Johnson (1963–69) won "the functional equivalent of a declaration of war" from Congress in the 1964 Gulf of Tonkin resolution, in response to what Johnson falsely called unprovoked attacks against two U.S. destroyers in international waters. In fact, the destroyers had been escorting South Vietnamese ships that were attacking North Vietnamese bases at the time. North Vietnam, following the incident, had approached the U.S. to discuss peace; but Johnson, sensing that the South Vietnamese government was in a weak bargaining position, secretly rejected the North Vietnamese advances.

The Johnson Administration committed over 500,000 troops (plus more than 300,000 elsewhere in Asia) to the war. Johnson was convinced that if the U.S. did not act to stop Communist expansion in Asia, it would soon have to do so in Hawaii.

Nixon, Kissinger, Watergate

Although there was little reaction from the press or the public when the first Marines landed in Vietnam in 1965, opposition grew considerably over the next several years. When larger numbers of draftees began to be sent to Vietnam after the 1968 Tet offensive by Communist forces in South Vietnam, Americans of all political stripes began questioning both the goals the U.S. was trying to achieve there and the legitimacy of its presence and use of force in Southeast Asia.

President Richard M. Nixon (1969–74) had won election on a platform that promised to end the war. He and his national security adviser (and later secretary of state) Henry A. Kissinger were very much of the realist school in foreign policy. They recognized the toll the Vietnam War had taken on American power and prestige and sought to redress the U.S. decline by reducing American commitments abroad. Although getting the U.S. out of Vietnam was a primary goal, they wanted to do so without surrendering South Vietnam to communism and without tarnishing the U.S. image as a reliable ally.

Distrustful of the State Department foreign policy bureaucracy, Nixon and Kissinger circumvented it and centralized the foreign policymaking process to an unprecedented degree. When word leaked out that Nixon had ordered the secret bombing of North Vietnamese bases in Cambodia in 1969, the public was outraged. Two years later, when the President announced that the U.S. would invade Cambodia, demonstrations broke out on college campuses across the country, and the Senate angrily repealed the Gulf of Tonkin resolution. Critics charged that not only had Nixon broken his word by expanding rather than ending the war, he had also failed to clear the Communists out of Cambodia and helped plunge that country into civil war.

Today, over a decade later, after the deaths of 58,000 Americans and hundreds of thousands of Vietnamese, Vietnam is a unified country under Communist control. To many Americans, this proves the U.S. should never have gotten involved in the first place. Some do not believe the U.S. has any right to interfere in other countries, whether or not Communists are involved on the other side. Others think Vietnam was the wrong battlefield on which to fight Communist expansion because it required the U.S. to back a South Vietnamese regime that was corrupt, undemocratic and unpopular with its own people. On the other hand, many argue, as the most powerful democracy in the world, the U.S. was

The fall of the shah of Iran (r.) was a major factor in the failure of Jimmy Carter (l.) to win a second term as President.

morally obligated on behalf of the entire non-Communist world to fight communism. The conflict left many Americans with a deep and abiding aversion to any unilateral U.S. action abroad that might turn into "another Vietnam," with so much loss of life and so few tangible gains.

Congress cracks down

The revelation of Nixon's role in covering up White House connections with five men who broke into Democratic party headquarters at the Watergate Apartments during the 1972 campaign and a series of covert activities that had occurred earlier in his Administration compounded a growing sense of moral outrage in the U.S. In 1973, Congress demanded increased control over the foreign policy process by passing the War Powers Resolution over Nixon's veto. The resolution requires the President to inform Congress within 48 hours of introducing troops into a hostile situation abroad, and to withdraw the troops within 60 to 90 days unless Congress declares war or authorizes them to stay longer.

In 1974, evidence presented at the congressional hearings on Watergate convinced Nixon to resign rather than face impeachment. Shortly thereafter, leaks to the press revealed the CIA's involvement in the ouster and death of leftist Chilean president Salvador Allende Gossens in 1973 and in a "massive illegal intelligence operation" directed at U.S. antiwar activists. Subsequent congressional investigations found that the CIA had been involved in assassination attempts against a number of foreign leaders. The investigating committees concluded that most intelligence activities had been ineffective and unnecessarily risky, and, in some cases, illegal.

By 1975, when the South Vietnamese capital of Saigon fell, the postwar consensus on means and ends in foreign policy was in shreds along with America's confidence in itself. The U.S. for the next several years would display extreme hesitancy about using its power in the world.

Carter and human rights

Jimmy Carter's successful bid for the presidency (1977–81) was due in part to his outsider status in a Washington tainted by Watergate. The Georgia governor not only made personal morality a strong focus of his campaign; he tried to make it the linchpin of his foreign policy. Carter attempted to deal with the breakdown of the postwar anti-Communist consensus by "rediscovering what [the U.S.] was for in the world instead of remaining principally preoccupied with what it opposed," in the words of National War College political scientist Terry L. Deibel. His agenda included a number of what he saw as moral and humanitarian imperatives: arms control, preventing nonnuclear powers from acquiring nuclear weapons, open diplomacy, a downplaying of the Soviet threat, avoidance of the use of force, and, above all, an emphasis on human rights. Speaking at the UN General Assembly several months after his inauguration, Carter said: "No member of the UN can claim that mistreatment of its citizens is solely its own business. Equally, no member can avoid its responsibilities to review and to speak when torture or unwarranted deprivation of freedom occurs in any part of the world." Carter distanced the U.S. from a number of governments, cutting aid to even some of the most staunchly anti-Communist, because they violated the human rights of their citizens. "Being confident of our own future," Carter said in 1977, "we are free of that inordinate fear of communism which once led us to embrace any dictator who joined us in that fear....For too many years, we've been willing to adopt the flawed and erroneous principles and tactics of our adversaries, sometimes abandoning our own values for theirs."

Resentment of moral lecturing and an aid cutoff by Washington led former ally Ethiopia to close U.S. facilities there and to order Americans out of the country. Brazil canceled a 25-year-old military assistance treaty. In the meantime, however, the U.S. continued to supply aid to human rights violators such as South Korea and the Philippines because they were judged to be too important to U.S. security to alienate. As a result of this inconsistently applied policy, the Administration developed a reputation for incompetence at best and hypocrisy at worst.

Carter scored some notable successes during his term in office: the Camp David accords between Israel and Egypt that led to the first Arab-Israeli peace treaty since the birth of Israel in 1948; the treaties returning possession of the Panama Canal zone to Panama; the normalization of relations with China; and the second strategic arms limitation treaty. But what cost him reelection were the foreign policy disasters that occurred on his watch: the fall of the shah of Iran and the subsequent takeover of the U.S. embassy by Iranian radicals who held 52 Americans captive for 444 days, the revolution in Nicaragua in which the leftist Sandinista government toppled the right-wing dictatorship of U.S. ally Anastasio Somoza Debayle, and the Soviet invasion of Afghanistan in 1979.

In the aftermath of the Soviet invasion, Carter himself became disillusioned and began to shift the focus of his foreign policy back toward containment. The effort to woo allies to support his renewed campaign against Soviet expansionism backfired embarrassingly in Pakistan, however, when the government of General Zia ul-Haq, whose human rights practices the Administration had previously deplored, turned down a proffered $400 million in military aid as "peanuts."

Carter admitted in his memoirs that he "did not fully grasp all the ramifications" of his human rights policy and how it would conflict with other goals. Carter came to office convinced that it was possible to be both idealistic and practical; his Administration failed to prove the point.

The Reagan years

President Reagan returned the emphasis of U.S. foreign policy to fighting communism, charging that the Soviet Union was "the focus of evil in the modern world." Reagan was also determined to restore America's stature in the world and the power of the presidency to its pre-Watergate state.

His first priority was to rebuild U.S. military strength, and he spent over $1 trillion on defense during his first five years in office. Reagan also did not hesitate to use force in the Third World. U.S. troops rescued some 1,000 Americans in Grenada after Prime Minister Maurice Bishop was shot and a more radical regime was installed. The U.S. also bombed two Libyan cities in 1986 in retaliation for Libya's alleged terrorist attack on a West Berlin discotheque. Both U.S. actions were condemned abroad and in the UN as violations of international law. Although some Americans felt that the Administration had behaved immorally, a majority in Congress and the public supported them and seemed to feel Reagan had proved to the world that the U.S. had thrown off its crippling Vietnam syndrome.

Reagan held Carter's human rights policies responsible for the "losses" of Iran and Nicaragua. He moved quickly, principally with renewed military aid, to repair bridges with countries—democratic or not—whose help he needed in his containment offensive. Reagan relied on logic put forward in a 1979 *Commentary* article by Jeane J. Kirkpatrick, whom Reagan made U.S. ambassador to the UN. In "Dictators and Double Standards," Kirkpatrick argued that right-wing authoritarian governments are more compatible with U.S. interests than left-wing totalitarian regimes because they are less repressive and more capable of reform. Reagan also believed, as Kissinger had, that quiet pressure was a better way than public condemnation to get authoritarian regimes to reform. If they knew they had U.S. support, Reagan believed, pro-U.S. dictators were more likely to move toward democracy.

'Constructive engagement'

This was the rationale for the Administration's policy of "constructive engagement" with the white minority government in South Africa. Although Reagan condemned the practice of *apartheid*, a system of legalized discrimination against South Africa's black majority, as morally offensive, he did not believe that the U.S. should apply harsh economic sanctions to try to change it. (Congress nevertheless passed a package of sanctions in 1986, overriding Reagan's veto.)

Reagan's anti-Communist policy went beyond containment: in what became known as the Reagan Doctrine, the Administration pledged support, in secret if necessary, for "those who are risking their lives...to defy Soviet-supported aggression and secure rights which have been ours from birth...." In the words of columnist Charles Krauthammer, who coined the phrase, "the Reagan Doctrine proclaims overt and unashamed American support for anti-Communist revolution. The grounds are justice, necessity and democratic tradition." The Reagan Administration supported the contra rebels fighting the Sandinista government of Nicaragua, which it accused of attempting to spread Communist revolution in Central America. In response to criticism that such intervention violated international law, Reagan said in 1985 that "support to freedom fighters is self-defense, and totally consistent with the OAS and UN charters." The Administration also maintained that international law was not applicable in instances where illegitimate—that is, nondemocratic—governments were concerned: "some rights are more fundamental than the right of nations to nonintervention, like the rights of individual people...," in the words of one official. "[We] don't have the right to subvert a democratic government, but we do have the right against an undemocratic one."

The Iran-contra scandal

Administration critics viewed most of these arguments as attempts to justify what they saw as Reagan's obsessive and frequently illegal crusade against communism. Frustrated by Congress, which kept voting down his requests for contra funding, Reagan turned to the CIA in his battle against Nicaragua's Sandinista government. He increased its budget and authority and approved a series of covert actions against Nicaragua.

In 1984, the CIA secretly supervised the mining of Nicaraguan harbors. Critics charged that the operation violated international law and that Congress had not been properly informed. They also assailed the Administration for refusing the jurisdiction of the World Court in the matter. Six months later, it was revealed that the CIA had helped prepare a manual on insurgency for the contras, including sections on how to "neutralize" Nicaraguan officials, blow up public buildings and foment revolution aimed at overthrowing the "Sandinista structure." Critics found such actions, authored by an Administration that had declared war on state-sponsored terrorism, outrageous.

When the Iran-contra scandal broke, investigations by a special presidential review board and a joint congressional panel revealed that top officials of the NSC staff had secretly sold arms to Iran to obtain the release of American hostages in Lebanon and funnelled some of the profits (those that were not skimmed by private arms dealers) to the contras. The operation violated U.S. laws as well as contradicted publicly stated U.S. policies.

In their appearances before congressional investigating committees, the officials involved justified lying to other government officials and to Con-

12b

gress on the grounds that "a rightful cause"—in this case freedom for Nicaraguans from their Sandinista oppressors—warranted any means. "When the goals and the law collided," concluded the investigators' report, "the law gave way."

Critics disagreed that officials may circumvent the law in pursuit of what they see as the national interest and felt that their unethical conduct had undermined the credibility of U.S. policy. The investigating committees were unable to determine conclusively whether Reagan himself knew of the illegal diversion of funds to the contras.

Human rights reconsidered

In 1986, Haiti's Jean-Claude Duvalier and Ferdinand E. Marcos of the Philippines—both right-wing authoritarian rulers friendly to the U.S.—were toppled by popular uprisings. In each case, the Administration withdrew its backing when it saw its ally's support had eroded past repair, backed the democratic opposition and used its influence to talk the dictator into relinquishing power. Many who had been critical of the Administration's record on human rights applauded the moves as belated recognition that U.S. interests and support for human rights are often complementary. In the wake of the Philippine and Haitian coups, Reagan also stepped up pressure on Chile's President Augusto Pinochet and former South Korean President Chun Doo Hwan to democratize their political systems and ease repression. The U.S. also provided support to the democratic opposition in those countries.

The Reagan Administration was less successful, however, in its attempts to force Panamanian strongman Manuel Antonio Noriega, a known drug trafficker, to relinquish power (see Topic 8). As his popular support weakened during 1988, the Administration tried using economic pressure, withholding Panama Canal payments and stopping the transfer of dollars, also the Panamanian currency, from U.S. banks to Panama. After several months, during which some 40% of Panamanian stores and businesses went bankrupt, Washington backed down in the face of criticism that the Administration was hurting innocent Panamanians while making no progress at all in dislodging the dictator. Noriega was still in control of the country as Reagan's term in office came to an end.

Power and morality: in search of a balance

THE END OF 1988 saw a number of promising trends. Reagan and Mikhail S. Gorbachev had signed the first nuclear arms agreement ever to eliminate a whole category of nuclear missiles, and U.S.-Soviet relations were better than they had been in many years. Peace appeared a more realistic prospect in Angola, Afghanistan and the Persian Gulf than had seemed likely a few years earlier. South Korea and Chile were taking tentative steps toward democracy. Yet at the same time, the stage was being set for new troubles: a Communist rebellion was gaining strength and threatening the fragile democracy in the Philippines, bloody rioting had broken out in Burma, and several years of relative stability in El Salvador were threatened by the failing health of its president, José Napoleón Duarte. The new Administration faces these and other problems inherited from Reagan and earlier Administrations. In addition, it must deal with high Federal budget deficits and interest on a $2 trillion national debt that will strictly limit the resources it has to spend in defense of its global interests. It must decide which foreign policy objectives to pursue and what means are best suited—pragmatically and ethically—to achieve them.

In what circumstances, if any, should the U.S. intervene with military force in the internal struggles of other countries? In the event of another "Afghanistan," should the U.S. aid the rebels? If leftists take over El Salvador, should it intervene?

Critics of interventionism, both on the left and on the right, argue that there are never—or very rarely—legitimate reasons for U.S. military intervention in other countries. (One of the rare instances when few disagreed with U.S. involvement was in Afghanistan, where the U.S. supported the rebels fighting the Soviet military occupation.) There are numerous arguments: intervention infringes on the sovereignty and autonomy of other nations and therefore violates international law; military intervention hurts innocent civilians and is therefore immoral; the U.S. can no longer afford the economic costs of supporting an interventionist policy; U.S. crusades against communism often involve the Soviet Union in countries where it was not previously supporting any political faction. In addition, increasing numbers of experienced foreign policy analysts are warning that in today's complex world, there are severe limits to what the U.S. can accomplish with armed intervention. Harvard University Professor Stanley H. Hoffmann has observed that the Soviets, too, "seem to have discovered that the Third World is an unrewarding terrain for competition: a trap, not a prize," and may be reconsidering the merits of interventionism.

Some have urged renewed focus on the realist's narrow definition of the national interest in setting foreign policy goals: "a finite set of intrinsically important goals either essential or beneficial to the country's survival, its prosperity, the psychological well-being of its population, or any combination of these," in the words of *Foreign Policy* associate editor Alan Tonelson. The U.S. does not have that many "vital" interests around the world, in this view, and it should limit its commitments to those that it can afford to honor. Some have suggested, for example, that Washington should concern itself only with the foreign policies of other nations, since their domestic policies, even those of Communist countries, rarely pose a threat to U.S. national security. Such a course would keep defense spending down, which is important in an age when many believe national power is increasingly coming to be defined in economic rather than military terms.

Others do not believe the U.S. can adopt blanket rules on intervention. Representative Stephen J. Solarz (D-N.Y.) asked in a 1986 article, "When to Intervene," "In an era when resistance groups seek American help, how can the country avoid both indifferent isolationism and indiscriminate interventionism?" Solarz suggested that decisions should be made on a case-by-case basis, weighing factors such as whether intervention serves U.S. interests, whether it would undermine chances for a negotiated settlement, whether it is supported or opposed by U.S. allies in the region and whether the resistance group in question is capable of winning.

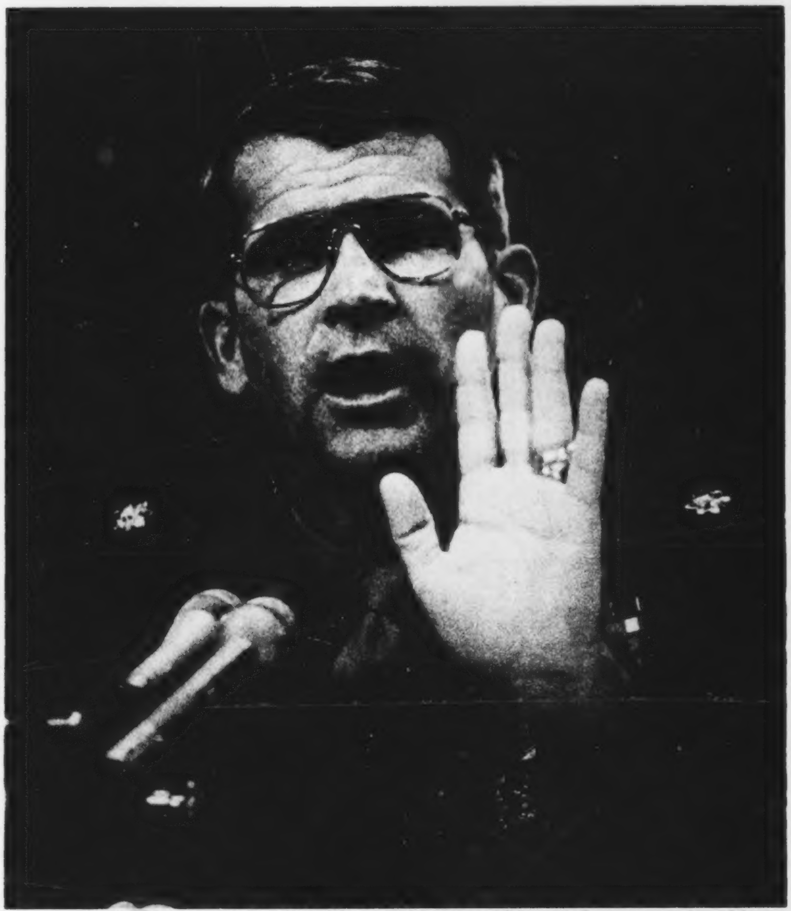
Covert or overt?

If an Administration decides that it should become involved, how can it guard against the kinds of excesses that led to the secret bombing of Cambodia or the Iran-contra affair? Should covert operations never be used, or are they ethically acceptable in some cases? How should they be controlled?

Those who argue that they are necessary point out that the U.S. would be cutting off its hands by refusing to use them when other countries do. Covert action also offers an Administration an alternative to military force when diplomacy fails. Supporters also argue that secrecy is sometimes essential if a policy is to succeed.

Critics of covert operations doubt that they are ever really necessary or successful, and think they are counterproductive because they violate American values. Gregory F. Treverton, a former government official involved in intelligence and now a faculty member at Harvard, writes: "We consider ourselves different from [the Soviets] and imagine that the difference is not only basic to what we are as a people, but also a source of American influence in the world, part of this country's moral armor." "No foreign policy," former Secretary of State Cyrus R. Vance has written, "can gain the American people's support unless it reflects their deeper values."

Morton H. Halperin, who served on the Nixon NSC staff, suggests in a 1988 *Foreign Policy* article, "Lawful Wars," that "overt covert" actions, as in not-so-secretly supplying aid to Nicaragua and Afghanistan during the Reagan years, are the way to proceed: keeping the operational details secret but debating and authorizing the broad outlines of policies publicly. The new President, he suggests, should work with Congress to establish a "regime of prior notice, consultation and approval for all use of military force" and "a parallel structure for covert paramilitary activities."



Former White House aide Lt. Col. Oliver L. North testifying at the congressional Iran-contra hearings in July 1987.

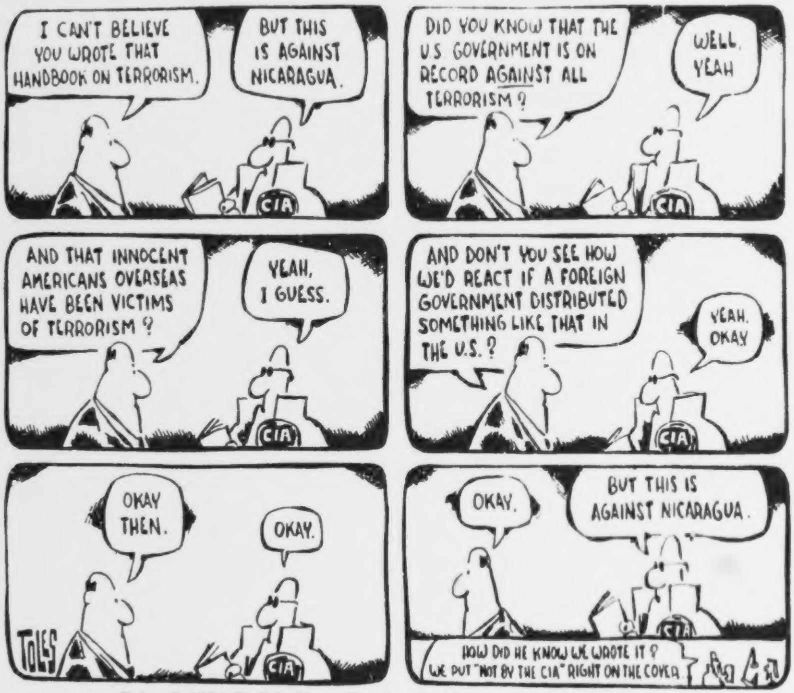
Others disagree with Halperin, warning that the President should resist congressional inroads on his power to set policy: too much congressional oversight leads to a situation where the U.S. has 535 secretaries of state and cannot formulate policy at all.

Economic sanctions

Princeton professor Manfred Halpern has defined intervention as "any action...that significantly affects the public internal realm of another sovereign state...." Short of the use of force, the U.S. has considerable economic leverage on many countries, through aid—both economic and military—that it can give or withhold, as well as through trading arrangements and loans. Are these ethically acceptable tools? In which cases?

In Panama, the Reagan Administration's attempt to oust Noriega through economic pressure backfired, hurting ordinary Panamanians more than it hurt him. Strengthening economic sanctions against South Africa, it is argued, would similarly hurt South African blacks while doing little appreciable damage to the government. On the other hand, a refusal to use the leverage of sanctions prevents the U.S. from registering disapproval for human rights or other policies that it finds morally objectionable.

The sanctions question also raises the issue of what kind of aid the U.S.


I CAN'T BELIEVE YOU WROTE THAT HANDBOOK ON TERRORISM.
BUT THIS IS AGAINST NICARAGUA.
DID YOU KNOW THAT THE U.S. GOVERNMENT IS ON RECORD AGAINST ALL TERRORISM ?
WELL, YEAH
AND THAT INNOCENT AMERICANS OVERSEAS HAVE BEEN VICTIMS OF TERRORISM ?
YEAH, I GUESS.
AND DON'T YOU SEE HOW WE'D REACT IF A FOREIGN GOVERNMENT DISTRIBUTED SOMETHING LIKE THAT IN THE U.S. ?
YEAH, OKAY
OKAY THEN.
OKAY.
OKAY.
BUT THIS IS AGAINST NICARAGUA.
HOW DID HE KNOW WE WROTE IT ? WE PUT "NOT BY THE CIA" RIGHT ON THE COVER.
CIA
TOLES

Toles © 1984 *Buffalo News*. Reprinted with permission of Universal Press Syndicate.

should give and for what purposes. Should it, as the Reagan Administration did, give aid primarily to countries which serve short-term security interests? Should it, as Reagan did, focus on military assistance, or should it provide more funds for development?

Those who argue for a change in aid policy believe that the U.S. should redirect funds toward underlying causes of Third World political unrest—poverty, lack of education, disease. Over the long run, they believe, this would contribute far more to U.S. security interests than military assistance can accomplish. Such a change would also be more ethical, they say, since it would redirect aid from the wealthier Third World nations, where it is now going, to the very poorest.

Those who argue that the U.S. aid priorities have been correct tend to believe that Third World problems are beyond the ability of the U.S. to solve no matter how much money it spends on them. High Federal budget deficits and the fact that most Americans do not view foreign aid as a high priority limit significantly how much the U.S. can spend. Security assistance protects American interests in a tangible way, giving the U.S. the ability to deter conflict in troubled areas. It also gives this country considerable influence in regions where it might not otherwise have it for less money and fewer political complications than direct intervention would entail.

Ethics and nuclear weapons

If they agree on nothing else, conservatives who believe the U.S. should be vigilant in containing Soviet expansionism and liberals who believe the U.S. should downplay anticommunism in its foreign policy concur that the fundamental goal must be to avoid a U.S.-Soviet conflict. Because both superpowers have nuclear arsenals, there is always a danger that any conflict could escalate into a nuclear war.

This prospect poses an unusual ethical dilemma for policymakers. If a nuclear war occurred, it would violate one of the cardinal principles of the just war—the immunity of the noncombatants. The scale of destruction that would result from such a war (or, for that matter, from the use of biological or chemical weapons) would be such that the question of proportionality of means with ends would be violated: few believe that there is any goal worth destruction on such a scale.

But given the fact that nuclear weapons exist, the major problem is one of making sure that they are never used. That has been accomplished by nuclear deterrence for over 40 years (see Topic 4). Some hold that relying on nuclear weapons in order to deter their use is immoral because of the possibility of an accident or miscalculation. But others worry about the risks involved in the transition period from deterrence to whatever comes after it. "It is easier to criticize deterrence than to replace it," notes Father J. Bryan Hehir, who served as adviser to the committee that authored the 1983 Catholic Bishops' "Pastoral Letter on War and Peace." Father Hehir's hope is that down the road the U.S. and Soviet Union will find ways to downgrade "the significance of the nuclear relationship as the central reality in the superpower relationship and in world politics in general."

The new Administration takes office at a time when a world with fewer nuclear weapons is a stronger possibility than it has ever been since the weapons were invented. Some see recent arms control developments as long-overdue steps toward sanity; others believe they lead the country down a path fraught with hazards. Some worry that the instability created by steps moving between current levels of weapons to a less dangerous balance or even no nuclear weapons at all might make a nuclear war more likely. Others are concerned that if we succeed in getting safely to a nonnuclear world, we will have only succeeded in "making the world safe for conventional war."

★ ★ ★

"It is an old though frequently forgotten truism of the moral life that there is only a faint line between moral idealism and moral irresponsibility," wrote the late Columbia University professor Charles Frankel. "If Don Quixote were not a fictional figure, if, in his assault on windmills, he were the leader of eager battalions, he would not be a comic but noble symbol of human aspiration: he would be a social menace." Policymakers nevertheless must try to walk that line. Can the U.S. pursue its best interests and the most ethical conduct at the same time?

Opinion Ballot
on page 93

FOR DISCUSSION

1. Do you agree or disagree with the realists' conclusion that ethical behavior among nations does not necessarily follow the same rules as ethical behavior among individuals? Why?

2. The best measure of a sound foreign policy decision is whether it advances the national interest. Do you agree or disagree with this statement? Is a foreign policy that advances the national interest by definition an ethical foreign policy? Explain.

3. In what ways do you think the American national character has shaped this country's dealings with the rest of the world? What traits have gotten the U.S. into trouble? What traits do you think have kept the U.S. on course?

4.

5. The U.S. hesitancy to use its power in the world following its experience in Vietnam has been called the Vietnam syndrome. To some, it was a healthy development, to others an unhealthy paralysis. What do you think? Do you approve or disapprove of the renewal of American activism in the world under Reagan? Why?

6. What do you think the "lessons of Vietnam" are? Do they have relevance for the current debate on the U.S. role in Central America? in other parts of the world? Explain.

7. What lessons can you draw from the Carter and Reagan experiences with human rights policies? Do you believe that the U.S. should ever ally itself with governments which violate the rights of their citizens? What exceptions to such a rule might be justified?

8. The U.S. is a superpower with a strong tradition of democratic values. In keeping with those values, what kind of a world role should the U.S. play? How should it use its military and economic power, and its power to lead by example? Should the U.S. incline toward international activism or not? What should be its primary foreign policy goals?

SUGGESTED READINGS

Deibel, Terry L., "Presidents, Public Opinion and Power." **Headline Series** No. 280. New York, Foreign Policy Association, September/October 1986. 72 pp. $4.00. National War College professor discusses Nixon, Carter and Reagan approaches to foreign policy and concludes that public opinion will support policies that balance American values and geopolitical realities.

Frankel, Charles, "Morality and U.S. Foreign Policy." **Headline Series** No. 224. New York, Foreign Policy Association, February 1975. 64 pp. $4.00. Discussion of American values and foreign policy written just after the end of the Vietnam War and the Watergate scandal.

Fromkin, David, and Chace, James, "What *Are* the Lessons of Vietnam?" **Foreign Affairs,** Spring 1985, pp. 722–46. International lawyer and editor look at the different moral conclusions Americans have drawn from the war in the decade after the fall of Saigon.

Muravchik, Joshua, **The Uncertain Crusade: Jimmy Carter and the Dilemmas of Human Rights Policy.** Washington, D.C., Hamilton Press for the American Enterprise Institute, 1986. 247 pp. $10.50 (paper). Neoconservative critique recommends using human rights policies as a weapon against communism by encouraging democracy rather than by destabilizing existing governments.

Nye, Joseph S., Jr., **Nuclear Ethics.** New York, The Free Press (a division of Macmillan, Inc.), 1986. 162 pp. $8.95 (paper). Former government official and Harvard professor discusses the moral dilemmas of nuclear deterrence.

Reagan, Ronald, "Freedom, Regional Security and Global Peace." **Department of State Bulletin,** May 1986, pp. 32–36. In the wake of the Haitian and Philippine revolutions, Reagan told Congress that although "Soviet-style dictatorships…are an almost unique threat to peace," his Administration opposed "tyranny in whatever form, whether of the left or of the right…."

Schlesinger, Arthur, Jr., "A Democrat Looks at Foreign Policy." **Foreign Affairs,** Winter 1987/88, pp. 263–83. Historian objects to the "unilateralism" of the Reagan Administration for "breeding illegality" as well as ignorance.

Sofaer, Abraham D., "International Law and the Use of Force." **The National Interest,** Fall 1988, pp. 53–64. Department of State legal adviser defends the decision to deny the World Court jurisdiction over Nicaraguan complaint.

Thompson, Kenneth W., ed., **Ethics in International Relations.** New Brunswick, N.J., Transaction Books for the Carnegie Council on Ethics and International Affairs, 1985. 140 pp. $12.95 (paper). Essays on different aspects of ethics.

For further in-depth reading, write for the Great Decisions 1989 Bibliography (see page 4).

ILLUSTRATION CREDITS: p. 6, Michael Evans, The White House; p. 8, U.S. Defense Department; p. 10, Jimmy Carter Library; p. 13, AP/Wide World Photos.

2.

THE PERSIAN GULF

REASSESSING THE U.S. ROLE

THE DECISION of Iran's leader, Ayatollah Ruhollah Khomeini, to "swallow poison" and bow to international pressure led unexpectedly to the end of fighting in the Iran-Iraq War on August 20, 1988. The eight-year conflict had claimed a million or more victims, cost an estimated $400 billion and caused the U.S. to send a fleet to the Persian Gulf to protect oil exports.

Iraq, responding to Iranian provocations and hoping to enlarge its role in the Gulf, had started what it thought would be a short, victorious war against its neighbor, which was in the throes of revolution. It soon became apparent that this was a mistake of historic proportions. Iranians rallied behind Khomeini and repelled the Iraqi invaders. The war settled into a stalemate between the smaller but heavily armed Iraq and Iran, which was ostracized by the world but sustained by ideological fervor. From the beginning, the war was overshadowed by the intense personal hostility between Khomeini and Saddam Hussein, Iraq's president.

By 1988, war-weariness had overtaken both countries. Iran, physically and economically drained and fearing for the future of its revolution, accepted a demand by the United Nations for a cease-fire. Iraq, which had been suing for peace for six years, was gaining the upper hand militarily and believed that by stopping the war then it would be deprived of victory. Heavy international pressure convinced Iraq to desist, despite its suspicions that Iran was not serious about peace.

Neither achieved its war aims. Iraq did not bring down the revolutionary government in Iran, and Iran did not foment revolution in Iraq. The leaders of both countries were still in power and their troops, with minor exceptions, were within their own borders. Yet each state had sacrificed a generation of young men and almost a decade of development to prosecute the war.

The U.S. role

The primary U.S. interests during the war were to assure international access to the Persian Gulf, which was threatened by frequent attacks on shipping, and to prevent the Iranian revolution from spreading. The U.S. declared itself neutral; supported the territorial integrity and political independence of both countries; endorsed mediation efforts; and said it would not sell weapons to either side. "It is our basic position that a victory by either side is neither militarily achievable nor strategically desirable because of its destabilizing effect on the region," Assistant Secretary of State for Near Eastern and South Asian Affairs Richard W. Murphy testified to Congress in June 1984.

But the U.S. had limited leverage on the combatants. Its close alliance with Iran had ended with the fall of the shah in early 1979, and Americans were still bitter over the Iranian detention of U.S. hostages for 444 days, from November 1979 to January 1981. The U.S. had had no official relations with Iraq, a Soviet ally, since 1967.

The U.S. actually provided aid to both sides. It restored ties with Iraq and led a global campaign, Operation Staunch, to ban arms sales to Iran and force it to the negotiating table. At the same time the Reagan Administration secretly sold arms to the Tehran government. It did so in hopes of persuading Iran to order the release of American hostages held in Lebanon and to obtain funds to support the Nicaraguan counterrevolutionaries, or contras. The arms-for-hostages deal, when it was revealed in November 1986, was widely viewed as a foreign policy disaster for the Administration.

Arab states in the Gulf, which ultimately looked to the U.S. to protect them from Iran, were upset by the vacillations in U.S. policy. In order to reassure them, restore credibility to U.S. policy and forestall Soviet inroads, the U.S., at the request of Kuwait, sent major naval reinforcements to the Gulf in July 1987. Their mission was to assure freedom of navigation and escort Kuwaiti oil tankers, which had been "reflagged," or transferred to U.S. registry.

Patrolling the Gulf was not without hazard from floating mines, shore-based missiles and attacking aircraft. A strike by Iraqi aircraft on the U.S.S. *Stark* in May 1987 killed 37 American sailors, and the U.S.S. *Vincennes*, fearing it was about to be attacked by Iran, mistakenly downed an Iranian civilian airliner, killing 290 aboard, in July 1988.

In addition to increasing naval pressure on Iran, the U.S. turned to the UN to help speed a solution. In July 1987 the Security Council passed Resolution 598, which ultimately paved the way for a cease-fire.

The outlook

The fighting has now stopped, yet the war is not over. More than 800 UN peacekeeping troops are deployed along the 740-mile Iran-Iraq frontier. Negotiations between the two countries have barely begun, and issues which have proven intractable in the past must be resolved before full peace is restored.

The installation of a new Administration in 1989 is clearly a time of stocktaking for U.S. Middle East policymakers. What role will the U.S. play in the Persian Gulf in the future? Will its relations with Iran, considered the

Iraqi soldiers at Fao before a bullet-riddled portrait of Ayatollah Khomeini.

strategic prize of the region, improve? What attitude should the U.S. take toward Iraq, which it condemned for using chemical weapons? How has the war affected U.S. ties to Saudi Arabia and the states of the Gulf? Finally, what is the likelihood that the two superpowers will work together to promote peace and stability in the region?

Land, people and politics

The Persian Gulf, also referred to as the Arabian Gulf by the Arab states, is a 600-mile-long arm of the Indian Ocean which divides the Arabian peninsula from the high plateau of Iran. The Gulf is surrounded by Iran and seven Arab states: Iraq, Saudi Arabia, Oman, the United Arab Emirates (UAE), Qatar, Bahrain and Kuwait.

The Gulf extends from the mouth of the Shatt al Arab waterway in the north, where it forms the boundary between Iran and Iraq, to the Strait of Hormuz in the south. This strait is the choke point of the Gulf, a 25-mile-wide passage connecting it to the Gulf of Oman. Some 50 to 65 ships transit the Gulf daily, most of which are oil tankers making the run to Europe and Japan. The waters of the Gulf, dotted with drilling platforms, are warm and saline and have an average depth of about 100 feet.

Religious and cultural tension

Since the rise of Islam in the Arabian peninsula in the seventh century A.D., the Gulf region has been the heart of the Islamic world. Mecca and Medina, cities holy to all Muslims, are in Saudi Arabia; Najaf and Karbala, cities holy to the minority of Muslims known as Shiites, are in Iraq.

Throughout history, the Gulf region has been the scene of ethnic, religious and political conflict. A major cleavage pits Arab against Persian. Iraq is mainly inhabited by Arabs, a Semitic people who speak the Arabic language. Iran has an Aryan heritage, and its main language, Persian, is an Indo-European tongue. Persians regard their cultural legacy as richer than that of the Arabs, although their religion, Islam, was founded by an Arab, the Prophet Muhammad.

Muslims are split into two major sects, Sunni and Shiite. The two differ over who was legitimately entitled to lead the Islamic community after the death of Muhammad in 632 A.D. Sunnis believe that leadership of the community is elective; Shiites believe it is vested in the family of the Prophet. Sunni Islam is historically associated with legitimizing the power of rulers; Shiites are associated with opposing illegitimate state power, even at the cost of martyrdom.

Although Sunnis predominate in the Islamic world, Shiites are a majority in Iran (92%), whose revolution was infused with symbols of Shiite religious authority, Iraq (60%) and Bahrain (70%). There is a significant Shiite minority in the Arab Gulf states, all of which are governed by Sunnis.

Modern history

Britain assumed responsibility for Gulf security early in the nineteenth century in order to protect its communication links with India and trade between India and the Gulf. It put an end to piracy and concluded treaties placing local rulers under its control and defining the boundaries of their domains. Britain also made sure that Russia did not acquire a warmwater port on the Gulf.

The map of the Middle East was redrawn by the Allied powers after World War I. The Ottoman Empire, centered for six centuries in what is today Turkey, was dismembered. Britain created Iraq in 1920 out of the Ottoman provinces of Basra, Baghdad and Mosul, and served as the protector of the small principalities along the southern shore of the Gulf that became the UAE in 1971. Saudi Arabia was a British-influenced amalgamation of several fiefdoms in the Arabian peninsula. Persia, which reverted to using its older name, Iran, in 1935, had never been colonized and had a tradition of monarchy going back 2,500 years.

About 60% of the world's proven petroleum reserves are located in the states ringing the Gulf. After World War II, Western interest in these resources made the Gulf of great economic, as well as strategic, significance.

Saudi Arabia has the most oil; its estimated proven reserves are 169.5 billion barrels, which could last three quarters of a century at the present rate of production. Iraq follows with 100 billion; Kuwait has 94.5 billion; Iran, 92.8 billion and the UAE's Abu Dhabi, 92.2 billion. By comparison, the Soviet Union has 59 billion and the U.S., 25.3 billion.

The dependence of the industrialized world on Middle East oil was driven home when Arab states imposed an oil embargo on the U.S. in retaliation for its resupply of arms to Israel during the 1973 war. The quadrupling of prices by the oil cartel, the Organization of Petroleum Exporting Countries (OPEC), followed, leading to a worldwide recession in 1974–75. Further price hikes in 1979 and 1980 helped push industrialized countries into another recession in 1981–82.

In response to these price increases, the West and Japan cut back consumption through conservation and increased reliance on other forms of energy. This reduction in use, along with the discovery of reserves outside the Middle East, drastically cut the demand for OPEC oil. In 1973 OPEC controlled 56% of the oil market as opposed to 37% today.

A war without winners

WHEN IRAQ BOMBED Tehran and invaded Khuzistan on September 22, 1980, it had several objectives:

- to topple the Khomeini government and, if possible, annex Khuzistan and its oil wealth;
- to regain control of the entire Shatt al Arab waterway, which it had signed away to Iran in a moment of weakness; and
- to put an end to Iran's interference in its internal affairs, especially its call for Iraq's Shiites to depose their "ungodly" ruler.

Saddam Hussein's expectation of an easy victory was soon dashed. Iraqi forces advanced 50 miles but captured only one major city, the port of Khurramshahr. The military initiative then passed to Iran which, in May 1982, liberated Khurramshahr and drove Iraqi troops out of Khuzistan. At this point, Iraq announced its willingness to accept binding arbitration to settle the conflict.

Iran refused. Many Iranians, who refer to the conflict as the "imposed war," were convinced that Iraq attacked it under orders from the U.S. and with the complicity of the Soviet Union in order to cause the downfall of the revolutionary government. Before Iran would agree to end the war, it stipulated that Saddam Hussein had to be removed, Iraq had to be branded the aggressor by an international tribunal, and Iran had to be guaranteed large reparations. Iraq would also have to take back thousands of ethnic Persians whom it had expelled on security grounds prior to the war.

A series of annual offensives launched by Iran from 1983 to 1987 aimed to bring down the government of Saddam Hussein and liberate pockets of Iranian territory held by Iraq. Many Iranian boys and young men died in the process. Believing their sacrifice would assure them martyrdom and a place in heaven, they acted as human minesweepers and led the advance to Iraqi lines.

Strategies of war

Iraq's military forces were larger and better-equipped than those of Iran and were assured of adequate armaments. Between 1981 and 1985 alone, Iraq imported $24 billion worth of arms, while Iran imported $6.4 billion worth. Iraq's military advantage, however, did not permit it to win a decisive victory on the battlefield.

Iraq's strategy was to force Iran to the bargaining table by squeezing it economically. (Iran was almost wholly dependent on its oil exports through the Gulf for income to finance the war, whereas Iraq exported its own oil via pipeline to the Mediterranean and Red Sea.) Iraq destroyed Iran's refinery at Abadan (once the largest in the world), and bombed Iran's main oil-export terminal at Kharg Island in the northern Gulf a number of times. Iraqi attacks on shipping bound for Iran led it to respond in kind, and during the "tanker war" that ensued the two countries attacked 543 ships, most from neutral nations. These actions reduced, although they did not cut off, Iranian exports.

Iran warned in early 1984 that, if it was prevented from exporting its oil, it would retaliate by closing the Strait of Hormuz. This threat greatly alarmed the West, and President Ronald Reagan vowed to keep the strait open. (Actually, it was too wide and deep to block, and the U.S stood ready to remove any mines Iran tried to lay.)

Iran also sought to undermine its neighbor's economy. Early in the war it destroyed Iraqi oil-export facilities on the Gulf. It also persuaded Syria, an ally, to close an Iraqi pipeline that ran through its territory. Iran believed time was on its side since it had a larger population that was more committed to the war. Its strategy seemed to be to keep on the offensive, forcing Iraq to keep its troops in a state of readiness along a long frontier and refusing to negotiate despite military setbacks.

The major Iranian victories of the war were the capture of two small but strategically valuable areas, the Majnun oil fields, in February 1984, and the Fao peninsula, south of Basra, in February 1986. But Iran did not have the logistic capacity or adequate weapons to maintain its offensives for long. A year later its unsuccessful attack against Basra proved to be the turning point of the conflict. Although the fighting continued for another year and a half, Iranians became increasingly doubtful of the wisdom of pursuing a war they seemed unable to win and they certainly could not afford.

Iran resented the aid Gulf Arabs, particularly the Kuwaitis and Saudis, gave to Iraq, but could do little to stop it. Iranian Silkworm missiles did hit a U.S.-flagged oil tanker in Kuwait's main harbor in October 1987, and the U.S. struck back by attacking two Iranian oil platforms that had been converted to military use. Iran hesitated taking more-aggressive action, probably for fear of provoking a more severe U.S. response. When the U.S. sent its fleet to the Gulf, Iran interpreted it as an attempt to prevent its victory in the war.

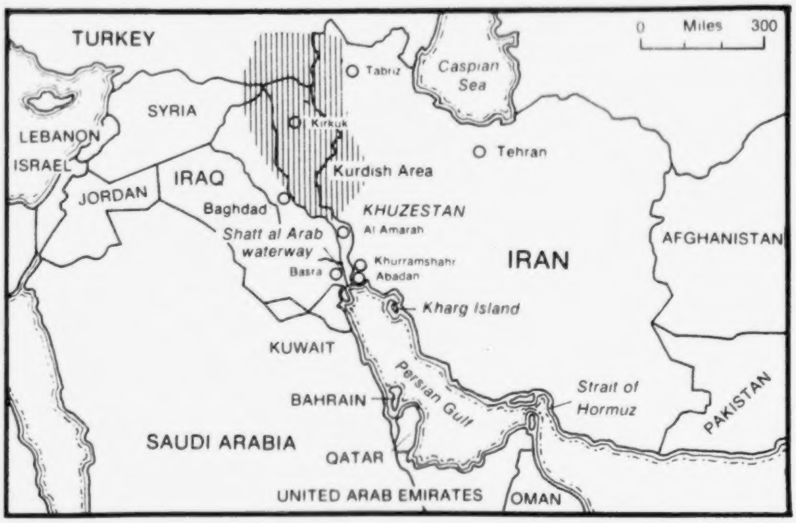
The more serious threat Iran posed was to regional political stability. Iran was suspected of masterminding terrorist bombings of the U.S. and French embassies in Kuwait in 1983 and an assassination attempt against the emir of Kuwait in 1985. (Seventeen terrorists were convicted for the 1983 bombings and remain in Kuwaiti prisons. Their release has been the object of plane hijackings in the Middle East and the kidnapping of some Americans in Lebanon.)

In a shocking affront to the Saudi throne, Iranian pilgrims rioted during the pilgrimage to Mecca in July 1987, leading to the death of over 400 people, mostly Iranian.

Gulf states

Initially the Gulf states did not know which was the lesser evil—being consumed by Iran's revolution or by Iraq's expansionism. (Iraq had claimed parts of Kuwaiti territory in the past.) They concluded that Iran was the greater threat. Kuwait and Saudi Arabia were the most vulnerable since they supported Iraq financially; the UAE and Oman, on the other hand, maintained cordial relations with Iran throughout the war. The Arab Gulf states, minus Iraq, formed the Gulf Cooperation Council in 1981 to promote military and political cooperation.

The Persian Gulf Region



Internationalization

The war's end was hastened when the U.S. and others concluded in 1987 that it was too dangerous to be allowed to continue. Attacks on international shipping had increased, and Iran had sown deadly mines in the Gulf and was threatening to use Silkworm missiles.

Kuwait appealed to the superpowers in September 1986 to protect its oil tankers. In March 1987 the Soviets agreed and the U.S. quickly followed suit. The U.S. reflagged 11 Kuwaiti vessels and escorted them in convoys through the Gulf.

The UN played an important role in ending the war. On July 20, 1987, the Security Council unanimously passed Resolution 598, sponsored by the U.S., which demanded a cease-fire, the withdrawal of forces to international boundaries, an exchange of prisoners, formal negotiations for a permanent settlement and the establishment of a tribunal to judge responsibility for the war. Iraq promptly accepted; Iran did not reject it out of hand. The U.S. pushed for the Security Council to impose a global arms embargo against Iran, but the Soviets and Chinese refused to go along.

In the spring of 1988 Iraq stepped up its military pressure. In March, Baghdad unleashed an estimated 150 Soviet-made missiles against Tehran, terrifying the population. It also used chemical weapons, which seriously demoralized Iranian troops. A string of Iraqi victories on land, including the recapture of Fao in April 1988, revealed Iran's weakness. To the surprise of all, Iran suddenly accepted Resolution 598.

Implementing the peace

By November 1988 Iran and Iraq had still not agreed to a troop disengagement accord, which raised fears that fighting could again break out. Before a peace treaty can be signed and ratified, a number of issues must be resolved. These include:

- **The Shatt al Arab boundary.** Demarcating the Iran-Iraq border along the Shatt al Arab waterway may be the most difficult issue of all to resolve. An 1847 treaty between Persia and the Ottoman Empire, which was reconfirmed in 1913 and 1937 treaties, allocated the entire waterway to the Ottomans. Iran claims that these treaties were unfairly forced on it by the British and are contrary to the common international practice of dividing river boundaries along the deepest point in the river's channel. If Iraq had sovereignty over the entire river, ships bound for Abadan and Khurramshahr would have to pass through Iraqi waters.

Iraq contends that it has history on its side. Also, whereas Iran has hundreds of miles of coastline and a number of ports on the Gulf, Iraq has very limited access to the Gulf, and its only major port, Basra, is reached by sailing up the Shatt.

In 1969, Iran abrogated the 1937 treaty. Iraq accepted Iran's position on the Shatt in a 1975 agreement, but renounced this agreement days before the outbreak of war in 1980.

- **Return of prisoners of war.** The UN resolution that led to the cease-fire calls for POWs to be repatriated "without delay." Iraq, however, seems to be more eager to make a prisoner exchange than Iran. Both appear to have underestimated the number of POWs they are holding. A UN team that visited POW camps after the cease-fire estimated that Iran may hold 70,000 and Iraq 35,000; the International Committee of the Red Cross has counted 50,000 and 19,300, respectively. Many prisoners may not wish to return home. Iraq has charged—and the UN observers appear to concur—that Iran brainwashed many of its captives, turning up to 20% of them into ardent Khomeini loyalists. The Red Cross wants to interview each captive to determine who should be sent home.

- **Noninterference in each other's affairs.** Both Iran and Iraq are likely to agree to stop supporting rebel Kurdish groups in each other's territory (see box). Agreement to curb religious propaganda, however, will not be so simple. Iranian pilgrims have traditionally had the right to visit the Shiite holy sites in Iraq. The issue for Saddam Hussein is how to prevent the visitors from fanning antigovernment sentiment among Iraqis.

The aftermath of war

Iran and Iraq both suffered major damage during the war and will be rebuilding for years. Khomeini has declared agricultural self-sufficiency to be the top goal for his country, although many economists believe that higher priority should go to repairing oil installations. Iran must also repair considerable damage to its cities from missile and bomb attacks. The top priority for Iraq is clearing the Shatt al Arab, clogged with some 75 sunken ships, so Iraq can make use of its port at Basra. Basra itself suffered a great deal of damage and much of its population fled during the war.

The cost of repairing the damage is staggering, with estimates running into the tens of billions of dollars. The question is who will pay the bill since Iran's and Iraq's treasuries are depleted. Iran has no foreign debt but Iraq owes an estimated $60 billion to $70 billion, about half to the West. Wealthy Arab oil producers, such as Saudi Arabia and Kuwait, may contribute by forgiving Iraq's debts. Japan and South Korea, which kept on good terms with Iran

Profiles of the Protagonists

- **Revolutionary Iran.** A broadly based revolution in Iran swept the Pahlavi dynasty from power in 1979 and replaced the shah with a "government of God" dominated by Ayatollah Khomeini. This ushered in a period of upheaval as a clerical elite replaced the shah's secular government and transformed Iran into an Islamic republic. U.S. influence, which had been strong for three decades, ended.

Governing a country of 52 million has proven a difficult task for the Shiite clergy. So far the prestige of Khomeini, 88 and in failing health, has enabled him to quell political infighting among the clergy over such issues as the course of Iran's foreign relations, land reform and the nationalization of industry and trade. Khomeini alone had the power to decide to end the war with Iraq.

After Khomeini, the strongman in Iranian politics is Ali-Akbar Hashemi-Rafsanjani, 53, the speaker of parliament since 1980 and the acting commander in chief of the armed forces since June 1988. Rafsanjani, regarded as a pragmatist, said in October 1988 that the time had come for moderation to replace zealotry and excess. He is believed to support better relations with the U.S.

- **Socialist Iraq.** Iraq, which only became independent in 1932, has less sense of national identity than Iran. It is a country of some 18 million, split into three large communities: Shiite Arabs (60%), who live mainly south of Baghdad, the capital; Sunni Arabs (20%), who have always run the government; and predominantly Sunni Kurds (20%), who inhabit the mountainous areas bordering Iran and Turkey.

Since 1968 Iraq has been governed by the secular Baath (renaissance) party, whose professed goals are socialism and Arab unity. Saddam Hussein, 51, an Arab Sunni, has been president since 1979. He "runs the tightest police state in the Middle East," according to RAND Corp. analyst Graham E. Fuller.

Iraq is a society few outsiders have penetrated. There is believed to be significant opposition to Saddam Hussein, although it remains underground. Criticism of the government is forbidden; even the possession of a typewriter is illegal without a state permit.

Iraq's ambition to be the leader of the Arab world has been constant if constantly frustrated. It has long been locked in a bitter feud with Syria, which is governed by a rival branch of the Baath socialist party. Iraq unsuccessfully challenged Egypt for dominance during the presidency of Gamal Abdel Nasser (1956–70). In 1980, Iraq, which would not have dared attack when Iran was governed by Mohammad Reza Shah Pahlavi due to his strong military, seized on the shah's downfall to make another bid for regional power.

- **The Arab Gulf States.** Saudi Arabia and the five smaller Arab Gulf states have traditional, authoritarian rulers. Their populations range from 14.2 million in Saudi Arabia to a few hundred thousand each in Bahrain, Qatar and the principalities of the UAE. Their military forces are no match for those of Iran or Iraq. (Kuwait has an army of 16,000; Iraq, 955,000.) Their huge oil revenues pay for guaranteed jobs and free housing, education and medical care for their citizens.

during the conflict, will probably help in its reconstruction.

'A government of God'

With the end of the fighting, Iran's government faces domestic problems it has deferred for the past eight years. The fate of the revolution hinges on its ability to improve the lot of the poorer classes who were the backbone of the revolution against the shah. The economic burden of the war, which consumed one third of the budget in 1987, left little money for anything else. Iran now imports more food than it did under the shah. Consumer goods are in short supply, and inflation and unemployment are both estimated to run around 30%. Iran's parliament is still wrestling with the question of whether to give the state or the private sector more control over the economy.

One of the revolution's aims was to free Iran from foreign domination. Khomeini has warned that as reconstruction commences, Iran must not become dependent upon either East or West. But Iran appears ready to end its international isolation. "One of the wrong things we did in the revolutionary atmosphere was to constantly make enemies," according to Rafsanjani. In 1988 Tehran restored diplomatic ties with many European countries, including Britain and France. Debate rages, however, over the desirability and conditions for restoring ties with the U.S.

While they perceive the U.S. government as hostile to their revolution, Iranians appear to harbor no ill will toward Americans as individuals, according to recent Western visitors. Before improving bilateral ties, Iran wants concrete expressions of U.S. goodwill. One is the delivery of weapons and spare parts, paid for by the shah but never received, that are badly needed as replacements for the American weapons that make up most of Iran's military muscle. Iran also demands the return of the remaining funds frozen in U.S. banks by President Jimmy Carter in 1979. Iran has indicated that in return it could use its influence to help free U.S. hostages held in Lebanon.

A new Iraq?

Some observers maintain that the experience of war has had a moderating effect on Iraqi policies. Among Iraqis, there is a greater sense of national community, with Iraqi nationalism clearly eclipsing pan-Arab sentiment. One of the significant revelations of the war was the preference of Iraq's Shiites for their own government, even though it is secular. Baghdad has made way for a greater role for private enterprise, although its economy is still controlled by the state.

Giant outdoor mural of Saddam Hussein, Iraq's president, in military attire. During the war Iraq maintained that it was protecting the Arab world from Iran.

Saddam Hussein appears to be firmly in control, although this could change. With the war's end, he could be called to account by his people for its great cost to Iraq—hundreds of thousands of casualties and a staggering foreign debt. As its huge army is demobilized, top commanders who have been kept in the field could now venture into politics, which could present a challenge to current power holders.

In terms of foreign policy, Iraq is allied with the U.S.S.R. and received massive Soviet military assistance during the war. But it has drawn closer to the West and "moderate" Arab states such as Egypt and Jordan and has toned down its anti-Israel rhetoric. (Iraq provided token forces in the 1948, 1967 and 1973 wars between Arabs and Israelis.)

Iraq, which had broken ties with the U.S. at the time of the Arab-Israeli war in 1967, agreed to resume them in November 1984. Iraq needed U.S. support against Iran, and the U.S. responded by granting hundreds of millions of dollars in agricultural credits and exchanging intelligence information. Iraq therefore felt betrayed when it learned that the U.S. had sold arms to Iran in 1985 and 1986.

Baghdad fears that the U.S. will abandon it in the future if that is the price the U.S. must pay to improve its relations with Iran. U.S. condemnation of Iraq in the fall of 1988 for using chemical weapons—and congressional attempts to impose trade sanctions on Iraq in retaliation—have also soured relations.

Prospects for oil

A paradox of the war was that the price of oil did not go up and remains depressed. Despite the well-publicized attacks on shipping, less than 1% of the ships transiting the Gulf were hit.

The average price of OPEC oil in October 1988 was $11 to $12 a barrel. In 1979 and 1980, it sold for up to $40. Iraq and Iran are almost totally dependent on oil income to finance the massive reconstruction ahead. They may try to pump as much as possible, which will add to the existing oversupply and drive prices down even further.

A major reason for the low price is

the refusal of OPEC members to abide by their own production limits. In October 1988, OPEC was producing 22 million barrels of oil a day, 5.5 million above the level its members agreed to produce. Iran's refusal to accept parity with Iraq has held up agreement on a new set of quotas for all. Saudi Arabia announced recently it would no longer cut its own production on behalf of other countries that are producing in excess of their OPEC quotas. The outlook is for prices to remain depressed unless a price collapse forces discipline upon the producers.

The U.S. currently gets about 10% of the oil it uses from the Gulf, but its allies are more dependent. Japan in 1986 imported 60% of its oil from the Gulf; Italy, 51%; and France, 33%. Any shortfall in world supply would quickly drive up prices.

In the long run, demand for Gulf oil is projected to rise, with U.S. imports from the region expected to double by the mid-1990s. At present, 50% of the Gulf's oil production can be carried by pipeline to the Red Sea or Mediterranean, and this percentage is expected to increase. This should lessen the future importance of the Strait of Hormuz for oil exports.

Shifting alliances

It is still too soon to know how the end of hostilities will affect Middle East politics, but some realignments are probably in store. The Islamic revival, which received a great boost from the Iranian revolution, has been dealt a setback, perhaps lessening the threat to moderate Arab leaders.

Soon after the end of hostilities, the Arab Gulf states, including Saudi Arabia, moved to improve relations with Tehran. This was partly because they wanted Iranian cooperation in shoring up oil prices.

The major alliance of convenience formed during the war linking Iraq, Saudi Arabia, Kuwait, Jordan and Egypt, if it endures, could form a powerful bloc opposing Iranian interests and perhaps acting to pressure Israel and influence U.S. policies.

As the Arabs' concern over the Gulf lessens, they may increasingly focus on the struggle of Palestinians for statehood, which could hurt **Israel.** Israel supplied Iran with arms during the war and did not want to see Iraq win. In the short term, though, Israel could benefit from tension between two of its enemies, Iraq and Syria.

Syria, an Arab country that supported Iran, may become more isolated in the Arab world. It now faces Iraqi revenge, but Iraq may be more concerned with rebuilding than retaliation.

The Kurds

The end of the war has had serious consequences for the Kurdish minorities in Iran and Iraq. An ancient non-Arab nation totaling 20 million or more, the Kurds are dispersed among Iran, Iraq, Turkey, Syria and the Soviet Union. The majority are Sunni Muslims. Most are tribesmen who live in mountainous areas which, until modern times, were far from the reach of the central government. A small number are urbanized.

The Kurds failed to win recognition as a separate state after World War I and set their goal on greater autonomy within the various countries. Iranian Kurds briefly established their own Soviet-backed republic in Iran in 1945–46. Only in Iraq, however, have they consistently posed a threat to the government. Kurdish unity has always been difficult to achieve due to the nature of tribal politics: Baghdad and Tehran always succeeded in dividing the Kurds by arming and financing opposing clans.

In 1974–75 the Iraqi government was engaged in bitter warfare against Kurdish forces supported by Iran, the U.S. and Israel. In order to gain the upper hand, Iraq granted Iran what it had long sought—sovereignty over part of the Shatt al Arab—in return for a cutoff of aid to the Kurds.

During the Iran-Iraq War, both governments had to fight Kurdish rebels, whom they regarded as traitors. The Iraqi government was particularly brutal, blowing up hundreds of Kurdish villages and forcibly transferring their populations to the southern part of the country.

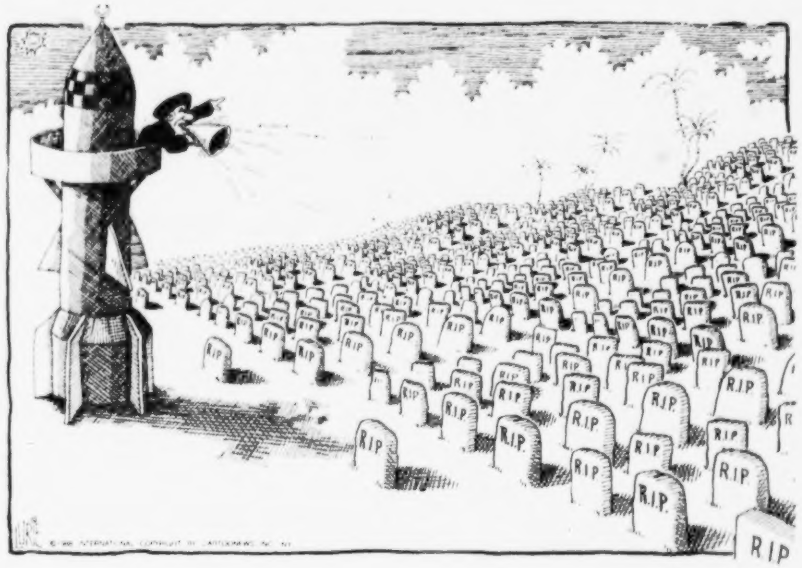
With the war's end, the Kurds again became the victims of a crackdown by Baghdad. Immediately after the cease-fire, Iraqi forces used chemical weapons against Kurdish guerrillas, according to the U.S. government. Such weapons were also employed against Kurdish civilians, according to a report by the staff of the Senate Foreign Relations Committee. Some 65,000 Kurds sought sanctuary in Turkey, despite Turkey's reputation for repressing its own Kurdish minority.

Nation without a state: Iraqi troops stand guard over Kurdish refugees, September 1988.

Kuwait's success in drawing the U.S. Navy into the conflict was considered by many international observers a diplomatic masterstroke. With the end of the war it must again fear Iraqi designs on its territory.

Turkey, a secular state sharing a border with both Iran and Iraq, is neither Arab nor Persian and was neutral in the war. Iran and Iraq are its biggest trade partners and provide most of its oil.

Egypt, by supporting Iraq with arms and workers, won readmission to Arab political life from which it had been expelled for signing a peace treaty with Israel in 1979. With its population of 53 million and its large army, Egypt offered the only real counterweight to Iran. The repatriation of Egyptian workers could cause serious economic difficulty. In the future, Egypt could resume its historic rivalry with Iraq for leadership of the Arab world.



Ranan Lurie, Cartoonews Syndicate.

"Now that we've won the war against Iraq, let's continue with the revolution!"

The U.S. stake

After World War II the U.S. relied on Britain to guarantee the security of the Gulf and keep the Russians out. There were no American military bases in the region, although the U.S. maintained a small naval facility at Bahrain and had access to an airfield at Dhahran, Saudi Arabia, until 1962. The U.S. strongly supported the shah in Iran and promoted close military ties, although the judgment of both countries was often clouded with misperceptions. Iran and Iraq both joined the U.S.-supported Baghdad Pact in the mid-1950s.

The British withdrew from the Gulf in 1971. The U.S. then relied on the "Twin Pillars," Iran and Saudi Arabia, to guarantee stability and safeguard Western interests. This fitted in with the Nixon Doctrine of having U.S. friends assume more responsibility for protecting regional security. The Twin Pillars policy lasted until the shah was overthrown in January 1979. Since then no single outside power or regional state has exercised hegemony in the Gulf.

The "loss" of Iran, combined with the Soviet intervention in Afghanistan in December 1979, led the Carter Administration to regard the region as a "crescent of crisis." In a January 1980 address to Congress known as the Carter Doctrine, the U.S. President warned the Soviet Union that "an attempt by any outside force to gain control of the Persian Gulf region...will be repelled by the use of any means necessary, including military force." The U.S. formed the Rapid Deployment Force (later renamed the Central Command) to respond to threats in the Gulf.

Reassuring Arab allies

During the war, the U.S. benefited from increased military and intelligence cooperation with the Arab Gulf states. Oman made the greatest contribution by granting U.S. forces access in contingency situations to air and naval facilities; this agreement is up for renewal in 1990. Other than Bahrain, however, these states would not grant the U.S. base rights and preferred to have U.S. help located "over the horizon."

The general good relations between the U.S. and the Arab states suffered a severe setback by revelations of American aid to Iran, a country the U.S. had frequently accused of instigating acts of terrorism. The U.S. willingness to send its Navy to patrol the Gulf and make retaliatory attacks on Iran helped improve America's standing. The U.S. seized and blew up an Iranian vessel it caught red-handed laying mines in September 1987 and destroyed Iranian oil platforms in October 1987 and April 1988. Such actions helped persuade the Iranians that they could not win.

The U.S. Navy continues to patrol the Gulf, although it no longer escorts ships in convoys. The U.S. must decide what role to play in the Gulf in the future. Would it be willing to participate in a UN naval force, as the Soviets have suggested? What role does the U.S. hope the regional powers, including Iran and Iraq, will play?

American arms sales

While U.S. cooperation with regional countries has increased, Arab states are upset at the growing difficulty they have in buying U.S. arms, which they regard as a key indicator of U.S. reliability. Congress readily approves military sales to Israel and Egypt but turns down many Administration requests to sell advanced arms to Saudi Arabia, Kuwait, Jordan and the UAE for fear they will be used against Israel or find their way into the hands of terrorists. Opponents of the arms sales also argue that the region is already too militarized.

Those in favor of the sales say that Arab leaders need the arms for self-defense, not for use against Israel. Arms sales would increase U.S. leverage on local rulers and benefit American weapons manufacturers.

Bitter at the U.S., Arab states have begun to buy arms from others. In July 1988, Saudi Arabia concluded an arms deal with Britain worth $68 billion over the next decade. Britain now displaces the U.S. as the kingdom's largest military supplier. The Saudis have also purchased ballistic missiles from China, which many see as an ominous escalation of a regional arms race.

Dealing with Iran

With the end of the war, the Reagan Administration claimed vindication for its decision to patrol the Gulf and to sponsor UN mediation efforts. That the U.S. fleet was dispatched without consulting Congress, and amid charges that the War Powers Resolution was being violated, was now forgotten.

The most critical issue to be addressed is future ties with Iran. So far, there is little popular support for a restoration of official relations. In polls taken in the spring of 1988, Americans rated Iran as their number one enemy and Ayatollah Khomeini as the most disliked foreign leader. Reagan's offer to provide compensation to victims of the Iran Air tragedy—but not an apology or acknowledgment of legal responsibility—seemed unlikely to be approved by Congress.

The Administration communicates with Iran through the Swiss Embassy in Tehran, which handles American interests there, or the Algerian Embassy in Washington. The U.S. has expressed readiness for talks with the Iranian government but has ruled out relying on intermediaries, as it did in the Iran-contra affair.

The Reagan Administration's principal differences with Iran concerned hostages and terrorism. Until American hostages in Lebanon are released, the U.S. will probably continue to maintain a distance. It has declined to discuss frozen Iranian assets, maintaining this is an issue before the Iran-U.S. Claims Tribunal in The Hague.

Some have urged the U.S. to begin to lay the groundwork for regaining influence in Iran. This could be done by taking such steps as ending the arms embargo against Iran and lifting the trade embargo imposed in 1987 against Iranian products. American companies are already losing out in the rush to rebuild the country.

Ties with Iraq

Iraq does not possess the strategic significance or demographic weight of Iran, but it is a major Arab state with a powerful army and oil reserves second only to Saudi Arabia's. With its anticipated oil revenues, Iraq represents a major market for U.S. companies. The U.S. hopes that Iraq has really softened its attitude toward Israel and can use its influence to temper Palestinian demands. If Iraqi politics have in fact moderated, the U.S. may want to keep relations with it and Iran more in balance than in the past.

However, there is one big issue that stands in the way of better relations, namely Iraqi use of chemical weapons. In the fall of 1988, both houses of Congress overwhelmingly voted to impose economic sanctions on Iraq for using chemical weapons against the Kurds. The legislation, which was opposed by the Administration, failed to become law because of Congress's rush to adjourn.

The Soviet role

The Soviet Union regards the Middle East as its "backyard" and resents American attempts to exclude it from regional diplomacy. It is particularly incensed over the U.S. invocation of a "Soviet threat" to increase its influence with Gulf states. It blames unpredictable U.S. policies for causing the greatest disruption to regional stability.

The Iran-Iraq War caused a dilemma for Soviet policymakers, who sought to maintain good relations with both countries. Like the U.S., the Soviet Union regards Iran as the strategic prize of the region. The downfall of the shah and the expulsion of American influence gave the Soviets a unique opportunity to expand their influence in Iran. At the same time, they were not willing to give up their 20-year-old ties with Iraq.

The Soviets concluded that the war hurt their interests but, like the U.S., were unable to stop it. They supported the UN cease-fire resolution but, as Iraq's main arms supplier, were unwilling to agree to an arms embargo. (Iran gets two thirds of its arms from the People's Republic of China and North Korea.)

The Soviet Union recommended that the UN sponsor an international force, which it would be part of, to protect shipping in the Gulf. The U.S. did not agree to this for fear it would legitimize a Soviet role in the Gulf.

It is possible that the Soviet Union will play a larger role in the Gulf in the future. The new, more flexible policies of Mikhail S. Gorbachev resulted in Soviet diplomatic gains during the war, including the establishment of diplomatic relations with the UAE and Oman in 1985 and Qatar in 1988. Saudi Arabia may establish ties in the future. The Soviet Union took advantage of Kuwait's leasing of Soviet tankers to augment its small naval force in the Gulf.

★ ★ ★

It is too soon to make a full assessment of a war that profoundly shook the countries of the Middle East—and that could go another round in the future. As the hostilities came to an end in 1988, to many observers it seemed a war without winners. The conflict affected every citizen in both Iran and Iraq, which will be preoccupied for years with rebuilding their countries physically. Perhaps they will also need to refurbish their ideologies to gain the cooperation they will need from their battered people.

The Gulf will remain a key concern to U.S. policymakers because of its strategic and economic importance. As they consider what policies can best promote American interests there in the future, they will be studying the legacy of the long, murderous and costly Iran-Iraq War.

Opinion Ballot
➡ on page 93 ➡

FOR DISCUSSION

1. "Iran's decision to end the war represents a major success for American policy," concluded *The New York Times*. Do you agree with this assessment? How much influence did the U.S. have over the war's outcome? Would the U.S. have gained more by being neutral both in word and deed?

2. The end of hostilities in the Iran-Iraq War was a victory for the UN and the diplomatic efforts of Secretary General Javier Pérez de Cuéllar. Shortly thereafter, the UN peacekeeping forces won the Nobel Peace Prize. Do you think the U.S. should rely more on the UN to settle conflicts in the future? Or do you think bilateral diplomacy is more effective?

3. "This was a war that should never have been fought...neither side gained a thing, except the saving of its own regime. And neither regime was worth the sacrifice," commented *The Economist* (London) magazine. Is this a fair or unfair assessment? How were the interests of the various countries affected by the war?

4. The West's primary concern during the war was that oil exports not be interrupted. Why weren't they? How has the world oil market changed since the time of the oil embargo in 1973?

5. President-elect George Bush stressed the issue of chemical weapons in the presidential campaign, saying that nations that used them must "pay a price." What price, if any, do you think Iraq should pay?

6. In the fall of 1988, Iranians—"on the charm offensive," according to State Department officials—were reported to be refurbishing the American Embassy in Tehran, where Americans had previously been held hostage. Why is the U.S. important to Iran? Why is Iran important to the U.S.? What attitude should the U.S. take toward Iran in the future? Should it return Iranian funds and release weapons?

7. Do you think it is in the U.S. interest to maintain more of a balance of power between Iran, Iraq and the Gulf states? Or should the U.S. depend on one strong regional power to keep peace in the Gulf?

8. Some observers believe the cold war is ending and there will be fewer clashes between the superpowers in the Third World in the future. Should the U.S. acquiesce to the Soviets' playing a role in the Gulf? Would it lead to greater stability there?

SUGGESTED READINGS

Axelgard, Frederick W., "A New Iraq?: The Gulf War and Implications for U.S. Policy." **The Washington Papers** No. 133. Washington, D.C., Praeger with the Center for Strategic and International Studies, 1988. 122 pp. $9.95 (paper). Argues that Iraqi policies have moderated because of the war and the U.S. should forge a closer relationship with Iraq.

Bill, James A., "The Shah, the Ayatollah and the U.S." **Headline Series** No. 285. New York, Foreign Policy Association, June 1988. 72 pp. $4.00. Story of the complex U.S.-Iranian relationship and U.S. foreign policy errors that led to the Iran-contra affair.

Chubin, Shahram, and Tripp, Charles, **Iran and Iraq at War.** Boulder, Colo., Westview Press, 1988. 318 pp. $36.00. Rationale behind Iran and Iraq's strategies and effect of the war on each society.

Cowell, Alan, "Iraq's Dark Victory." **The New York Times Magazine,** September 25, 1988, p. 34+. Critical look at Saddam Hussein's government and the impact of the war on Iraq by the bureau chief of **The New York Times** in Cairo.

Hurewitz, J.C., "The Persian Gulf: After Iran's Revolution." **Headline Series** No. 244. New York, Foreign Policy Association, April 1979. 64 pp. $ 4.00. Former Columbia University professor provides excellent background information on the Gulf states and U.S. interests.

Marr, Phebe, **The Modern History of Iraq.** Boulder, Colo., Westview Press, 1985. 382 pp. $53.00. Expert examines the political, economic and social transformations that have created modern Iraq.

Ramazani, R.K., **Revolutionary Iran: Challenge and Response in the Middle East.** Baltimore, Md., The Johns Hopkins University Press, 1988. 331 pp. $10.95 (paper). Explanation of Iran's foreign policy and why it is increasingly pragmatic.

"Review of U.S. Policy in the Middle East." **Department of State Bulletin,** October 1988, pp. 61–64. Testimony before congressional committee by Assistant Secretary of State Richard W. Murphy on July 27, 1988. See text of his October 1988 speech in forthcoming **Bulletin.**

For further in-depth reading, write for the Great Decisions 1989 Bibliography (see page 4).

ILLUSTRATION CREDITS: p. 17, AFP PHOTO; pp. 21 and 22, AP/Wide World Photos.

3.

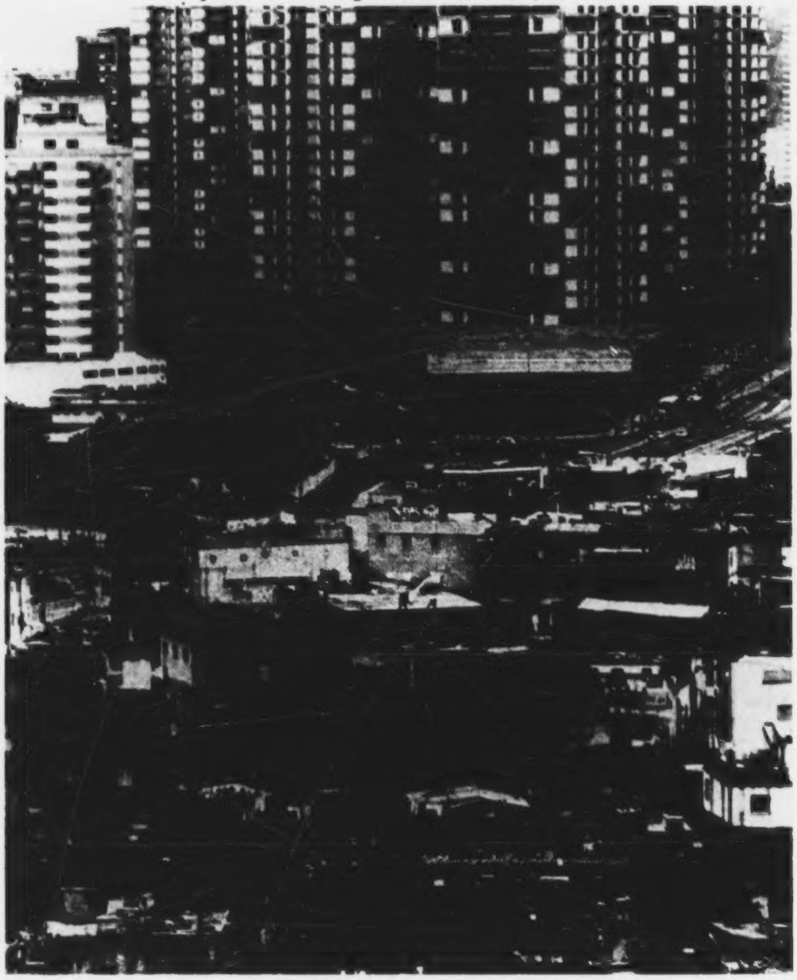
LATIN AMERICAN DEBT

LIVING ON BORROWED TIME?

As the Latin American debt crisis approaches its seventh year, many commercial bankers and policymakers in the U.S. believe the worst is over. Since August 1982, when the crisis first erupted, the banks have steadily improved their position by restricting new lending to the region, setting aside a greater portion of their assets against the possibility that the loans will never be repaid and exchanging a part of the debt for investments in some countries. These actions by the commercial banks have generally had the backing of the U.S. government.

Increasingly though, analysts both in the U.S. and in Latin America speak of the 1980s as a "lost decade" for the region, which extends from Mexico to the southern tip of Chile. Over the past seven years, economic development there, with few exceptions, has come to a standstill. Social indicators—those statistics measuring trends in such areas as education, employment, health, housing, and nutrition—have fallen to alarmingly low levels.

Where the First and Third Worlds meet: Slum dwellings abut modern high-rise apartment buildings in Rio de Janeiro, Brazil.



In many countries, frustration over economic hardships is the primary threat to political stability. In Mexico's July 1988 presidential elections the long-ruling Institutional Revolutionary party (PRI) faced its biggest challenge in over 50 years, when voters turned out in record numbers in support of an opposition candidate who favored cancelling payments on all foreign debts. In the region's fledgling democracies, such as Brazil, Argentina and Peru, governments unable to solve the chronic financial crisis have increasingly come under attack by both left- and right-wing parties.

Some economic analysts fear that the struggle to meet international debt obligations is exhausting the region's human resources, and that not only a decade but an entire generation may be lost to the crisis. Dr. G.A. Cornia, a senior planning officer for the United Nations Children's Fund (UNICEF), points out that, "when children don't get enough to eat, it affects their concentration, their ability to learn. When they are sick most of the time, they don't go to school, and in many cases the schools simply aren't there to go to anymore." As a result, says Dr. Cornia, "The quality of labor in Latin America could suffer for decades to come."

Inefficiency and growth

Just how much of Latin America's current economic crisis has been caused by the region's debt problems? Latin America has long suffered from weak political leadership and ill-conceived economic policies. State control of key industries, such as energy, mining, transportation and banking, has led to high levels of bureaucratic red tape, inefficiency, corruption and price distortions, while political considerations have created unfair tax policies, overprotection for domestic industry and costly consumer subsidies.

Still, between 1950 and 1982, the region experienced phenomenal economic growth rates. According to Abraham F. Lowenthal, cochairman of the Inter-American Dialogue, from 1960 to 1980 Latin America's economic growth rate was nearly twice that of the U.S. The region's output of electric energy, metal, machinery and automobiles increased tenfold during those years. This rapid rate of industrialization was comparable with that experienced by the U.S. during its most intensive period of industrial transformation, from 1890 to 1914.

Today, Latin America's debt to the industrialized countries is a staggering $410 billion (the combined Third World debt is over $1.2 trillion). Interest payments alone cost the region between $25 billion and $30 billion a year. To save revenue and earn the U.S. dollars necessary to make these payments, the Latin Americans have had to cut drastically government support of development and social welfare programs, reduce nonessential imports and increase exports.

Merrill Collett, a U.S. journalist who covers South America from Venezuela and has written for *Newsweek* magazine, says wryly, "Wherever I go these days, things seem dirtier, dustier, and more destitute. The problem can be described in one little four-letter word, *debt!*"

Two groups of debtors

Third World debtors can be divided into two groups: the poorest nations, such as the sub-Saharan African countries, and the so-called middle-income group, which includes most of Latin America and Asia. The poorest nations are characterized by extremely low rates of economic output per person, or per capita gross domestic product (GDP). For example, in the sub-Saharan region per capita GDP averages $220 (as compared with $10,000 to $20,000 a year for the world's seven leading economic powers). For the poorest nations such basic necessities as food and shelter remain major concerns.

By contrast, the middle-income group is seen as having great economic development potential. Argentina, Brazil and Mexico, for example, with average per capita GDPs of around $2,000, are wealthy in comparison with the sub-Saharan African states. On the whole, Latin America boasts an abundance of natural resources, including large reserves of oil, minerals, forests and agricultural lands. Also, the region's population of 400 million is relatively small, about half that of India but spread over a much greater area, causing less demand on the available resources. (Brazil alone is two and a half times the size of India but with only one sixth the population.)

Impact on the U.S.

For the U.S., the Latin American debt crisis has been costly. Exports of U.S. products to the region have dropped by nearly 30%, from a high of $42 billion in 1981 to around $30 billion today. By 1984, sales of steel and motor vehicles to Latin America had dropped by 50%, construction equipment by 80%, and farm machinery by 86%. U.S. farmers were particularly hard hit (see Topic 6).

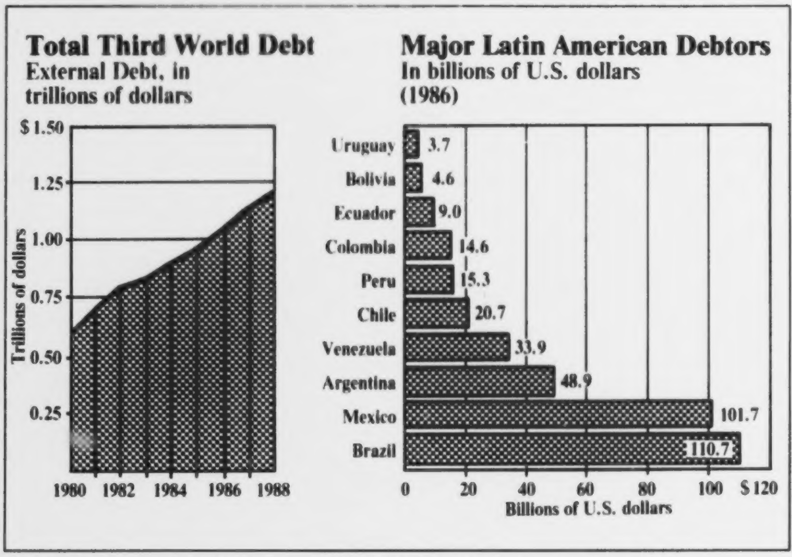
According to Richard E. Feinberg of the Overseas Development Council (ODC), a Washington think tank, this drop in trade has cost the U.S. nearly 1 million jobs. Says Feinberg, "Every dollar shipped to money-center banks [by the Latin Americans] is one dollar less to spend on wheat grown in Iowa or trucks made in Michigan."

From prosperity to austerity

BETWEEN THE mid-1940s and the early 1960s, very little money was lent by commercial banks to Latin America. Most of the funding for development came from the World Bank and the International Monetary Fund (IMF), and from the U.S. as foreign aid or as direct foreign investment. Between 1946 and 1955, international corporations doubled their investments in the region to over $6 billion.

By the 1960s, the major Latin American countries were showing impressive rates of economic growth. In 1963, Mexico issued its first overseas bond in 50 years. After that, commercial bank lending to Mexico picked up at the rate of about $1 billion a year. By the late 1960s, Brazil, Argentina and Peru had also become important borrowers.

Two major events in the early 1970s completely changed the nature of international finance, setting the stage for the crisis of the 1980s. First came the removal of the international gold-exchange standard. In 1944, to promote stability in the international monetary system, the price of gold was fixed at $35 per ounce, and all other countries set the value of their currencies in terms of the dollar. Because so many dollars were being put into circulation, the actual value of the dollar declined during the 1950s and 1960s, but the price of gold stayed the same. Foreign governments, anticipating a steep devaluation of the dollar, were putting pressure on the U.S. to exchange the dollars they were holding for gold. Since the U.S. did not have enough gold to back up the number of dollars in circulation, it was feared that a run on gold would break the dollar and wreck the international monetary system. In response to the growing financial crisis, President Richard M. Nixon voided the gold-exchange standard in 1971. Notes John H. Makin in *The Global Debt Crisis:* "The 1971 collapse of the [international monetary] system was precipitated by a U.S. President who had to untie the dollar from gold in order to print the IOUs needed to pay for Vietnam and the Great Society."



Robert Mansfield

Sources (left) International Monetary Fund, (right) *World Bank Development Report, 1988*.

Once the gold-exchange standard had been removed, there was nothing to prevent the U.S. Treasury from pumping dollars into the global economy. As a result, the U.S. economy boomed in 1972 and 1973, growing at a rate of nearly 6% each year. But inflation was also booming; in 1973 it reached 8.8%, more than double that of the previous year; in 1974, it hit 12%. The high inflation rates drove up the price paid for Latin American exports, providing the region with more dollars and thus improving its creditworthiness. High inflation also made borrowing dollars attractive, since real interest rates, the interest charged by banks for their loans minus the inflation rate, fell to negative levels as inflation increased. (For example, if inflation was running at 10% and interest rates were only 9%, the *real* interest rate would be a negative 1%.)

Petrodollars

The second major event was the oil price shock of 1973–74. During that period the Organization of Petroleum Exporting Countries (OPEC), spurred by the high inflation rates and the price hikes for other commodities, suddenly quadrupled the price of its oil. This led to a giant increase in OPEC's trade surplus, which for 1974 alone was an incredible $68 billion.

The OPEC countries quickly deposited their new wealth in U.S. and European banks, which, finding themselves awash in "petrodollars," began recycling them in the form of loans to the Third World. Many Latin American finance ministers, rather than adjust to the higher oil prices by reducing economic growth in their countries, preferred to borrow. They suddenly enjoyed enormous popularity, as bankers literally stood in line to offer them new and bigger loans. By 1980, the region's three largest debtors, Argentina, Brazil and Mexico, had accumulated a combined debt of nearly $150 billion.

Mexico's crash

Mexico was the first country to buckle under Latin America's burgeoning debt. In August 1982, during what is known in financial circles as "the Mexican weekend," Mexico notified the U.S. Treasury that it could no longer meet payments on its external loans. Falling prices for Mexican oil and rising interest rates had left the country with a severe shortage of foreign exchange.

Mexico's announcement shocked the world financial community. Failure to collect interest payments would have forced the country's 1,400 creditor banks to declare much of its $80 billion debt in default. Such a default would have cost the six largest banks in the U.S. $12 billion. Loans by Citicorp, Mexico's largest creditor, represented two thirds of the bank's net corporate assets ($3.3 billion).

The banks soon realized that Mexico's problem was not an isolated case. Within 16 months, 45 developing countries were experiencing debt-servicing difficulties. In Latin America, Brazil, Argentina and Venezuela soon followed Mexico's example by announcing their inability to meet their financial obligations.

Where did all the money go?

During the 1960s and to a much greater extent in the 1970s, the Latin Americans borrowed heavily to finance ambitious development projects, rejuvenate aging and defunct industrial plants and create new businesses geared for the export market. Funds were channeled into major industries, such as steel, cement, mining and shipbuilding. Roads and hydroelectric dams were built, airports suddenly dotted the landscape, and agricultural production was greatly expanded.

Thanks largely to the surge in investments from abroad, the region's combined GDP tripled between 1960 and 1980, according to the Inter-American Development Bank. Nontraditional exports, such as automobiles, shoes, textiles and clothing, shot from less than $1 billion in 1965 to more than $15 billion in 1980. By 1982, Brazil ranked 12th on the global economic scale and Mexico (this country's third most important trading partner), 14th.

Not all of the new funds were invested in Latin America's development. Bankers, businessmen, even government officials transferred assets into newly borrowed dollars so that they could send them back to the U.S. in the form of investments and savings. Such investments in the U.S. were considered more profitable than investing at home, chiefly because of the high inflation rates that have long troubled the region's unstable local economies. This "capital flight" ate up billions of dollars in foreign exchange. According to World Bank estimates, between 1976 and 1984, $54 billion (57% of its total external debt at the time) left Mexico in the form of capital flight, $28 billion (60% of its total debt) left Argentina, and $35 billion (more than its total debt) left Venezuela.

In recent years, close to 100% of all new lending has been used exclusively to service outstanding debts. What's more, interest payments have taken a huge portion of the region's total export earnings. In 1970, according to the World Bank, the debt-service ratio—the amount of export earnings required to meet interest and principal payments on foreign debts—was approximately 19% for the region as a whole. By 1986, the debt-service ratio had reached 30%, though for certain countries it was actually much higher. In 1986, Argentina had a debt-service ratio of 64%, Mexico of 51.5% and Brazil of 42%.

The Countries of Latin America

U.S.A.
Atlantic Ocean
MEXICO
Mexico City
JAMAICA
Kingston
Havana
CUBA
HAITI
DOMINICAN REPUBLIC
Santo Domingo
Port-au-Prince
TRINIDAD AND TOBAGO
Port of Spain
GUATEMALA
Guatemala City
BELIZE
EL SALVADOR
San Salvador
HONDURAS
Tegucigalpa
NICARAGUA
Managua
COSTA RICA
San José
PANAMA
Panama
VENEZUELA
Caracas
GUYANA
Georgetown
Surinam
French Guiana
COLOMBIA
Bogotá
Quito
ECUADOR
PERU
Lima
BRAZIL
Brasilia
BOLIVIA
Sucre
Asunción
PARAGUAY
Santiago
CHILE
Buenos Aires
ARGENTINA
URUGUAY
Montevideo

Austerity

In order to service international loans, debtor nations must boost their foreign exchange revenues. This requires four basic steps: first, they must increase exports more rapidly than imports; second, they must decrease expenses by cutting government spending; third, they must protect their currencies by keeping inflation low; and finally, they must adopt policies to promote economic growth and attract capital and investments.

Since 1982, the IMF has played a pivotal role in helping banks and debtor countries reschedule loan payments and negotiate emergency lending packages. To qualify for new loans, debtor nations have had to submit to rigorous IMF austerity programs. These programs are designed to help debtors meet the conditions necessary to increase their revenues.

The IMF was created in 1944 at Bretton Woods, N.H., to promote balanced growth in world trade by bringing stability to the foreign exchange system. Today, it functions like an international credit union. Each of its 146 member countries is assigned a "quota" payment based on economic size and participation in world trade. The quota shares determine the number of votes a country has in the IMF (the U.S. as the largest contributor has the most votes). Members in financial trouble can borrow up to 125% of their quota contribution annually. To qualify for a loan in excess of its quota share, a country must agree to accept the IMF's austerity measures.

During the 1960s and 1970s, the IMF was largely inactive in the developing world. Commercial banks were willing to provide loans, and Third World leaders saw little reason to submit to the IMF's tough conditions. Once the debt crisis broke, however, things changed dramatically. It was the IMF (which committed $1.3 billion of its own funds) that convinced the commercial banks to put up an additional $5 billion in "involuntary" loans for Mexico's first rescue package. By 1983, the IMF had conditional lending programs in place in 47 countries.

Bitter medicine

Austerity is a hard pill to swallow. Though terms vary from country to country, the typical austerity program includes deep cuts in government spending, privatization and other measures (see box on p. 30).

Proponents of the IMF's programs claim that austerity measures are necessary for sustained economic growth in Latin America. They point out that during the recession of 1981–82, the debtor countries failed to adjust their economic policies fast enough to keep up with the changing international environment.

Hans H. Angermueller, vice-chairman of Citicorp, has noted that countries such as Mexico and Brazil created their own economic troubles by subsidizing inefficient industries, allowing inflation to get out of hand and valuing their currencies too high against the dollar. Says Angermueller, "...if [austerity programs] are consistently followed over time, such steps will bring countries back to the global capital market and put them back on the path to long-term, sustainable growth."

Critics of the IMF's programs charge that the burden of such measures—no matter how sound they are—falls disproportionately on the poor. In Mexico, for example, the first structural adjustment program brought a 40% hike in the price of corn tortillas and a 100% increase in the price of bread. Meanwhile, though inflation was raging at nearly 90%, wages were allowed to rise by only 25%, causing a sharp reduction in workers' real purchasing power.

Standard Components of an IMF Austerity Program

1. Abolition or liberalization of foreign exchange and import controls.
2. Domestic anti-inflationary programs, including:
    - control of bank credit; higher interest rates and perhaps higher reserve requirements;
    - reduction of the government deficit: curbs on spending; increases in taxes and in prices charged by public enterprises; abolition of consumer subsidies.
    - control of wage rises, so far as within the government's power;
    - dismantling of price controls.
3. Greater hospitality to foreign investment.
4. Reduction of arrears on foreign debt.

To save revenue, Latin American governments have made deep cuts in domestic spending. Particularly hard hit have been health, education and food subsidy programs, such as food stamps and price controls. According to a UNICEF study, expenditures on health fell in 14 Latin American countries between 1980 and 1984, while during that same period, expenditures on education were cut in 10 countries. Argentina, for example, cut health spending by 14% and education by nearly 10%, and Bolivia cut health by 77% and education by 14%.

Because subsidized food prices do not provide incentives to farmers and add to budget deficits, the IMF has insisted they be cut in one third of the austerity programs it has imposed. Brazil, which has eliminated wheat subsidies and reduced rural credit, now spends 50% less on food programs than it did in 1980.

New currencies

High inflation has been a stumbling block in all of the IMF's Latin American adjustment programs. Latin American finance ministers have traditionally balanced their budgets by simply printing more money. This tendency, coupled with currency devaluations and rising prices for food and basic services, has led to periods of hyperinflation in recent years. In response, governments have employed a range of anti-inflation devices, the most radical of which were the Austral Plan in Argentina and the Cruzado Plan in Brazil.

In June 1985, Argentina's president Raúl Alfonsín announced a plan designed to halt the country's nearly 2,000% a year runaway inflation. The plan centered on replacing the old currency, the peso, with a new currency, the austral (valued at 1,000 old pesos) and on strict wage and price controls. Though not ordered by the IMF, the Austral Plan was initially met with enthusiasm by the Argentines and by members of the world banking community. Barber Conable, president of the World Bank, called it an "excellent program." By the end of the year, inflation had dropped to 82%.

In 1986, with inflation approaching 500%, Brazil announced a plan similar to Argentina's and replaced its old currency, the cruzeiro, with the cruzado. Though both plans were initially successful in reducing inflation and bringing the economy under control, neither was sustained long enough to produce lasting effects. Political pressures soon induced the governments of Argentina and Brazil to lift their wage and price controls. By mid-1988, the inflation rate for both countries had shot back up to around 600% (Brazil's was expected to top 900% by the end of the year).

The IMF's high visibility makes it an easy target for resentment in Latin America. Though it cannot be held responsible for the poor policies and economic circumstances that brought the debtors to its doorstep, for many in the region the IMF has become a bogeyman and austerity, a dirty word. Just mention of an IMF accord can spark violent protests. In the Dominican Republic, for example, the so-called IMF riots of 1984 over increases in the price of basic necessities led to the deaths of nearly 200 people.

Who's to blame?

Assessing blame for the debt crisis is not easy. In just four years, from 1978 to 1982, the total dollar amount of U.S. bank loans to the Third World grew from $110 billion to $450 billion. Looking back, it seems inconceivable that bankers and Third World policymakers allowed the debt situation to get out of hand in such a short period of time. In a 1985 article for the North American Council on Latin America's *Report on the Americas*, economist Cheryl Payer quotes the often heard explanation that "stupid bankers made stupid loans to stupid countries."

Critics have accused the bankers of participating in what economists call a Ponzi scheme, named after an early twentieth-century entrepreneur. Charles Ponzi used new deposits to pay dividends to earlier investors. As long as the system expanded, it worked; but as soon as he ran out of new investors, the scheme fell apart.

According to Payer, lending to Latin America operated in much the same way. Bankers, anxious to avoid writing off bad loans, continued to lend long after it was prudent to do so. For their part, the Latin Americans found it more attractive to go on borrowing against the hope of future stability than to make hard economic choices in the present. Here again, as long as the banks were willing to lend, the system worked; but, when lending suddenly stopped in 1982, the system collapsed.

Debtor nations and bankers tend to blame outside forces for much of the crisis. Between mid-1979 and the end of 1980, OPEC nearly doubled the price of oil, sending the world economy into its deepest recession since the years immediately following World War II. Consequently, demand for manufactured products and commodities from Latin America was sharply reduced and the region's much needed export earnings began to dry up.

Meanwhile, to curb the high inflation, the U.S. Federal Reserve restricted the flow of dollars in the late 1970s by charging higher interest on its loans to banks. As demand for their exports dropped, interest rates soared, putting the Latin Americans into the awkward position of having to pay more for their loans while earning less foreign exchange. Every 1% increase in U.S. rates, for example, added nearly $1 billion to the annual interest payments of Brazil and Mexico, the region's major debtors. The dramatic increase in lending between 1979 and the end of 1981 kept the system intact. By 1982, it became apparent that the higher levels of lending were unsustainable.

Debt fatigue

SINCE 1982, commercial bankers have been reluctant to extend credit to Latin America. New lending has mainly been tied to debt rescheduling, with a large portion of the funds coming from the IMF, the World Bank or other international institutions. As one Latin American business manager said in September 1982, "Six months ago there were so many bankers in here you couldn't walk across the room. Now they don't even answer my telephone calls."

Since very little new money is going into Latin America and quite a bit is going out in the form of debt-service payments, there has been a negative transfer of funds from the region since 1982. Between 1982 and 1988, net outflows totaled a whopping $150 billion, according to the United Nations Economic Commission for Latin America and the Caribbean. Many analysts believe that the high rate of capital outflow will continue through the 1990s, absorbing nearly one third of all export earnings. Notes the Debt Crisis Network, a citizens' coalition formed to address the international debt crisis, debt has become "a vacuum cleaner, siphoning resources out of the Third World."

While the debt continues to grow and standards of living to fall, a sense of fatigue and disillusionment has spread throughout Latin America. Dry statistics on balance of payments and social indicators do not express the pain felt by many in the region today. Said one Brazilian mayor, "When I visit the people in the shantytowns, they talk to me about the children who have died of dysentery for lack of clean water. All I can say is, 'Don't lose hope.' I don't have a solution."

So far, of all Latin America's leaders, General Augusto Pinochet of Chile has best managed to sustain the strict economic reforms necessary to assure meaningful economic recovery. Pinochet, who seized power in 1972, has followed a policy of privatizing state-owned industries, encouraging capitalism and promoting trade through lower tariffs and taxes. As a result, Chile has been able to service its more than $21 billion in foreign debts more or less on schedule.

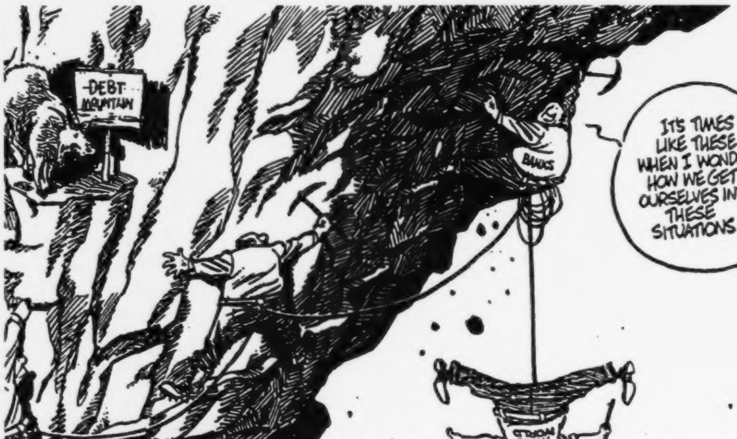
For Latin America's other leaders, coping with the debt has been a fine balancing act between satisfying foreign creditors and maintaining political stability at home. Some leaders have independently taken drastic steps. In his inaugural address, Peru's President Alan García announced that Peru would hold debt-service payments to just 10% of export earnings, and that the IMF would no longer be allowed to interfere in domestic policies. The move met with great popular support, but produced no economic benefits. Disastrous government policies and growing political discontent have since discredited García's stance at home and abroad.

So far, Brazil's president José Sarney has taken the most dramatic step. In February 1987, he declared a moratorium on the interest payments on the country's foreign debts. Again, though the move met with popular approval, the costs in terms of lost investments, credit flows and confidence within the business community were too high for Sarney to sustain. By February 1988, a new finance minister had been appointed—Brazil's fourth in three years—and the moratorium was called off.

Though they have met several times to discuss the debt, Latin American leaders have been unable to develop a unified strategy to deal with the crisis. After a 1984 meeting in Ecuador, leaders from the major debtor nations issued the Quito Declaration, a call to "harmonize the requirements of debt servicing with the development needs of each country." At a later meeting in Cartagena, Colombia, a group of 11 debtor nations issued statements calling for a reduction of interest rates, resumption of credit flows and greater market opportunities for their export goods. At subsequent meetings, these points have been reiterated time and again. The major debtors, however, continue to pursue bilateral arrangements with their creditor banks, making a joint effort by the Latin Americans unlikely.

The primary question concerning the debt situation now, as one prominent analyst points out, is not whether the Latin Americans are willing to pay, but where the money to pay will come from. Faced with growing discontent, governments are reordering their priorities to meet domestic needs. Even in Mexico, which has long been considered the region's model debtor because of its willingness to adhere closely to IMF measures, officials complain that the social, political and economic costs of debt servicing are insupportable. As Foreign Minister Bernardo Sepúlveda Amor told *The New York Times* last August, "[Our] first priority is the de-

By H. Payne for Scripps-Howard.


DEBT MOUNTAIN
BANKS
IT'S TIMES LIKE THESE WHEN I WONDER HOW WE GET OURSELVES INTO THESE SITUATIONS...
THIRD WORLD

International Debt in Perspective

Throughout history, borrowing has played an important—if risky—role in underwriting the aspirations of sovereign states. In the thirteenth century, England's King Edward I borrowed heavily from banks in Florence to finance foreign wars. When his grandson, Edward III, came to the throne in 1327 he decided that his own merchants could finance England's wars and so defaulted on the loans, ruining the Italian banks. The eighteenth-century French were also chronic debtors, in their case to the Swiss and the Dutch. Their borrowing spree lasted more than a century and ended with the Dutch in bankruptcy and the French monarchy consumed by revolution.

In the early days of the Republic, the U.S. borrowed from England to finance expansion and development. In 1803, Baring's Bank of London lent Thomas Jefferson the money for the Louisiana Purchase and later helped to finance the building of the American railroads. When the economic crisis of 1839 led to the default of Pennsylvania and Maryland and to the suspension of business of the Bank of the United States, English banks became much more cautious in lending to the former colonies. London saw the U.S. as a very unreliable developing country and a poor credit risk.

The U.S. first became a major international lender after World War I. During the 1920s, U.S. bankers toured Europe and Latin America looking for investment opportunities. Much of the lending in Europe, however, was used to finance government budget deficits, make interest payments on outstanding debts and, in the case of Germany, pay war reparations. Eventually, the house of cards built by the American investment bankers collapsed under its own weight. In 1931, with the Great Depression spreading across the globe, Bolivia led the Latin Americans in a massive default on their foreign loans. That same year, runs on banks in Hungary, Austria and Germany devastated Europe's financial system. The resulting political crisis eventually contributed to World War II.

After the war, the U.S. once again was the dominant economic power. American dollars financed the rebuilding of Europe. This time most of the capital was supplied through the Marshall Plan, not by private commercial banks. Under the Marshall Plan, named for its chief architect, Secretary of State General George C. Marshall, Congress invested $13 billion in direct foreign aid—money that did not have to be repaid—in European public and private industry. The philosophy behind the plan was that an economically prosperous Europe would be better able to fight communism while providing healthy trading partners and strong markets for American goods. Commercial lending to foreign governments did not pick up again until the early 1970s.

Between 1945 and 1982, the U.S. was, on balance, a creditor nation. That is, the amount of money owed to the U.S. from abroad was greater than the country's debts to other nations. This situation changed radically in 1986, when a historically unique occurrence took place: the world's dominant economic actor became the world's number one debtor.

To stimulate the economy sufficiently to bring the world out of the 1981–82 recession, the Federal government embarked on history's largest peacetime program of deficit spending. The government borrowed to buy goods from American industry, thereby creating jobs and boosting demand for more goods and services. Americans, after several years of belt-tightening, suddenly found themselves with more money to spend. The increased demand for consumer products was largely satisfied from abroad. The U.S. began importing greater amounts of foreign products, especially electronics and automobiles. In 1981, the U.S. had a trade *surplus* of $6 billion, while by 1986 it was running a trade *deficit* of $148 billion.

The U.S. now owes a foreign debt of about $400 billion, a little less than the combined debt of all Latin American countries. However, there are two fundamental differences between the U.S. debt and that owed by the Latin Americans. First, the U.S. still enjoys the largest and most vibrant economy in the world. Its agricultural and industrial capabilities surpass those of any other single nation on earth. No one seriously doubts the government's ability to pay its bills. As Jean Baneth, director of the World Bank's International Economics Department, points out, the U.S. could increase its revenues and lower the national debt in a number of ways that would have little effect on its population.

"Belt-tightening in the U.S. might mean taxing Social Security payments, or higher gasoline rates," says Baneth. "If gasoline were taxed in the U.S. at the same rate as in Europe, the deficit would disappear. On the other hand, more belt-tightening in the developing world means that the people who were having one meal a day will now have one meal every other day."

Second, unlike Latin America, the U.S. owes its debt in its own currency. The government can control the size of its debt by manipulating the value of the dollar. This is essentially what happened following the meeting of the finance ministers from the "Group of Five" (G-5) nations—the U.S., Japan, West Germany, Britain and France—at New York City's Plaza Hotel in September 1985.

Worried that the U.S. trade deficit would continue to grow unless some drastic steps were taken, Treasury Secretary Baker put pressure on the other G-5 members to force the value of the dollar down against their currencies. Since then, the dollar has lost about 50% of its value. This not only stimulated U.S. exports, but also reduced the size of the U.S. debt. In other words, because its debt is in dollars and the dollar has lost 50% of its value, what the U.S. owes is now worth 50% less than in 1985. For the Latin Americans, who also must pay their debts in dollars, it is impossible to employ the sort of devices the U.S. used in 1985. Instead, to gain even limited relief, they have had to rely on debt-rescheduling negotiations with their creditor banks.

velopment of the economy and the welfare of Mexican society." Adds Mexico's new president, Carlos Salinas de Gortari, "If we don't grow because of the weight of the debt, we don't pay."

What has the U.S. done?

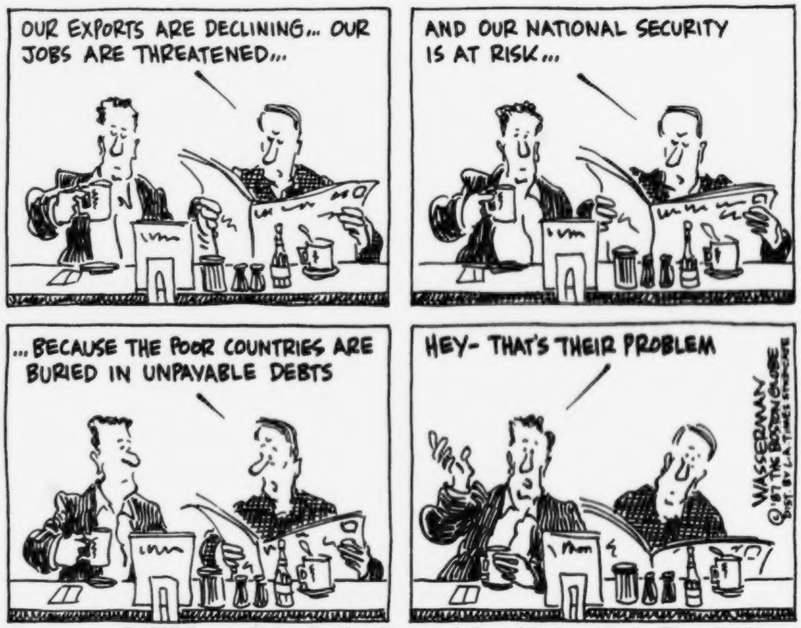
U.S. policy on Latin American debt has mainly been directed by the Treasury Department. When the crisis broke in 1982, Treasury officials, working closely with the IMF, moved to head off what was perceived as a major if temporary threat to the international economic order. Because of the large sums of money involved, it was feared that if one of the big debtor nations, such as Mexico or Brazil, defaulted on its loans the banking system worldwide would suffer.

To ward off disaster a series of "bridge" loans were hastily put together as each country's interest payments came due. These loans were meant to ease tensions by bridging over what was then expected to be a temporary crisis period. This set the stage for the case-by-case approach to debt negotiations and restructuring that continues to dominate official U.S. policy. Proponents of this approach believe that it allows the debtor countries and their creditor banks to tailor debt-relief strategies to fit a variety of circumstances.

Though the Treasury Department was applauded for moving quickly in 1982 to prevent a major economic disaster, it has since been criticized for mistaking the crisis for a short-term liquidity problem—with Mexico temporarily out of cash—and for following what is generally characterized as a day-by-day "muddling through" approach to managing the debt situation. According to the ODC's Feinberg, the Administration failed to grasp the severity of the crisis, especially from Latin America's perspective.

In 1985, Treasury Secretary James A. Baker 3d unveiled his "Program for Sustained Growth" at the annual IMF/World Bank meeting in Seoul, South Korea. The Baker Plan, as the initiative came to be known, called on debtor countries to adopt domestic economic reforms. As an incentive he proposed $29 billion in new loans from commercial banks and international lending institutions.

The unveiling of the Baker Plan marked a change in emphasis in official U.S. policy, away from just strict austerity and toward a program of renewed economic growth in the Third World. The plan has never been fully implemented. With a few exceptions, the debtor countries have not been willing to make the economic reforms necessary to encourage bankers to participate with new loans.


OUR EXPORTS ARE DECLINING... OUR JOBS ARE THREATENED...
AND OUR NATIONAL SECURITY IS AT RISK...
...BECAUSE THE POOR COUNTRIES ARE BURIED IN UNPAYABLE DEBTS
HEY- THAT'S THEIR PROBLEM
WASSERMAN
©1987 THE BOSTON GLOBE

© 1987 *Boston Globe*. Reprinted by permission of the Los Angeles Times Syndicate.

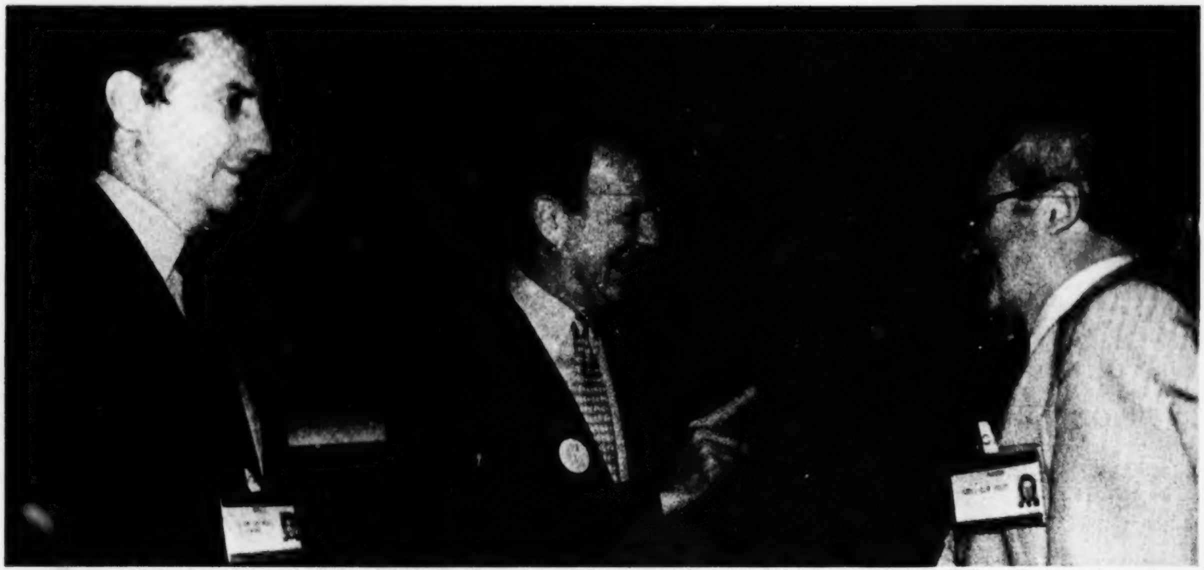
In 1987, the Baker Plan was expanded to encompass a "menu of options," designed to allow commercial banks to deal with their Third World loans in unconventional ways. These options include a number of financial techniques that allow banks to convert loans to debtor nations into investments in goods, real estate, industry or long-term bonds guaranteed by the U.S. Treasury. One bank, for example, swapped $20 million of debt for part ownership in two hotel companies in Mexico. Other banks have exchanged debts for investments in fishing fleets and fruit farms. So far, participation in these options by banks and debtor nations has not been as great as was hoped for.

Alternative plans

A number of other debt-relief plans have been suggested over the years. Since 1984, the Latin Americans have favored one containing three basic elements: first, outright forgiveness of a portion of their debt; second, rescheduling of the remaining debt at longer payback periods, with interest rates pegged to each country's economic performance; and, finally, the separation of old debt from new loans, with an increase in lending for development. The Latin Americans claim they cannot continue to remit 5% of their combined GDP in the form of debt-service payments. They point out that in relative terms, this is twice the level of German reparations payments after World War I.

In 1986, Senator Bill Bradley (D-N. J.) proposed a debt-relief plan that incorporates some of the original Baker Plan and most of what the Latin Americans want. Under the Bradley Plan, the debtor nations would receive a cut of 3% on interest rates on all outstanding debts for 3 years; banks would be required to write off 3% of all loan principals for 3 years; and $9 billion in new loans would be made available from multinational institutions. In return for these concessions, the Latin Americans would have to agree to pursue economic policies that promote growth and free trade, reduce capital flight and work to eliminate government corruption.

Altogether, Bradley's proposal would provide $57 billion in debt relief, nearly twice as much as the expanded



Treasury Secretary James A. Baker 3d (future Secretary of State) with Brazil's Minister of Finance Dilson Funaro (l.) and Sweden's Minister of Finance Kjell-Olof Feldt (r.) at a 1986 IMF meeting in Washington, D.C.

Baker Plan, without involving new loans from commercial banks. Bradley, who has long expressed concern over the economic and political stability of Latin America, believes that any debt-relief plan "must be big enough to be seen by Latin America as a cure, not simply a Band-Aid."

Other debt-relief proposals have been introduced by Congressmen John LaFalce (D-N.Y.) and Don J. Pease (D-Ohio) and by James D. Robinson 3d, chairman of the American Express Company. Those three plans call for the creation of an international agency under the auspices of the World Bank to coordinate debt-relief efforts worldwide. The agency would purchase debt from creditor banks at a discount (from 40% to 45% of the actual value) and pass the savings on to the debtor countries as a partial debt forgiveness. The remainder of the debt would be repaid to the agency at market interest rates over an extended period. Again, like the Baker Plan, all three plans would require debtor nations to undertake policies that would promote economic growth through free-market principles.

Lost confidence

Critics of these plans claim they would do more harm than good by forcing the banks to take huge losses and thus damaging the debtor nations' credit ratings even further. They point out that after the massive defaults of the 1930s, it took nearly three decades for commercial banks to regain confidence in Latin America. What is more, all of these plans, critics say, would cost the U.S. taxpayer money. The Robinson Plan, which former Treasury Secretary Baker dismissed as a "bank bailout," would require $12.5 billion in initial capital, $2.5 billion of which would come from the U.S. Though the LaFalce and Pease plans wouldn't require any direct funding from the U.S., the Treasury would lose tax revenues due to bank write-offs.

Supporters of the plans claim that since the commercial banks have virtually stopped lending to Latin America, creditworthiness is a moot point. Also, they argue, debt relief would pay for itself by enhancing trade possibilities and thus creating jobs in the U.S. Instead of making massive interest payments, the Latin Americans could stimulate local economies by investing at home.

Under the Reagan Administration, the U.S. opposed any form of nonvoluntary comprehensive debt relief. At the summit meeting in Toronto in June 1988 of the world's seven leading economic powers, the U.S. rejected a French proposal to forgive a part of the debts of the poorest African nations. Instead, the U.S. called for some reduction in interest rates and longer payback periods on the debts of these countries. Last October, in keeping with the case-by-case approach, the U.S. initiated another multibillion-dollar rescue package for Mexico, which included a $3.5 billion bridge loan that Washington made available to the Mexican government.

★ ★ ★

Having weathered the debt situation for almost seven years without a major financial disaster, many in the banking community believe that the crisis is now behind them. The Latin Americans, on the other hand, claim that without comprehensive debt relief, future economic growth and development in the region will be impossible.

The Reagan Administration largely supported the bankers' view, pressing for economic reforms within the debtor nations and pursuing a case-by-case strategy toward debt management. Should the U.S. continue to do so? Is the Baker Plan approach with its emphasis on encouraging economic growth through a system of incentives adequate to deal with the social and political tensions spreading throughout Latin America because of the debt? Or is it time to develop a new strategy?

Opinion Ballot
➡ on page 93 ➡

FOR DISCUSSION

1. Assessing blame for the debt crisis is difficult. It is sometimes said that "Stupid bankers made stupid loans to stupid countries." Do you agree? What caused the debt situation to get out of hand? Who or what is to blame?

2. U.S. bankers and policymakers strongly support IMF austerity programs in Latin America. What are the key components of an IMF program? Have they helped Latin America, or do they impose unreasonable conditions on debtor nations?

3. Latin Americans largely view IMF austerity programs as a necessary, if unwelcome, evil. What policies would they consider more reasonable as a basis for servicing loans? Are those policies more likely to lead to sustained economic growth?

4. Capital flight is a major problem for most Latin American countries. It drains much-needed currency reserves and undermines the confidence in local business communities. What causes capital flight? What discourages it?

5. The U.S. is sometimes criticized for not taking a more active role in dealing with the debt crisis. Should the U.S. become more involved? If so, how? What role do you think the U.S. should play?

6. Some argue that the U.S. should develop a "Marshall Plan" for Latin America. What do you think? How would this help or hinder Latin America? What, if any, would be the benefits for the U.S.?

7. The French have experimented with limited debt forgiveness in Africa. Should the U.S. do the same in Latin America? Can the U.S. government and the commercial banks afford simply to forgive and forget? Should the debtors be expected to pay at any cost?

8. If you were a Latin American leader, what would you do about your country's debt? What assistance, if any, would you expect from the U.S.? What advice would you give to the president of Mexico or Brazil?

SUGGESTED READINGS

Amuzegar, Jahangir, "Dealing With Debt." **Foreign Policy,** Fall 1987, pp. 140–58. The former executive director of the IMF discusses the origins of the debt crisis, as well as austerity and the various strategies designed to deal with Third World debt.

"Debt: Latin America Hangs in the Balance." **Report on the Americas,** March/April 1985 (entire issue). 48 pp. $3.50. Available from the North American Congress on Latin America, 475 Riverside Drive, Room 249, New York, N.Y., 10027. Three economists discuss the social, political and economic aspects of the Latin American debt.

"The Debt Trap: Still No Escape." **The Americas in 1988: A Time for Choices,** A Report of the Inter-American Dialogue, pp. 21–39. Washington, D.C., 1988. The Aspen Institute for Humanistic Studies. 118 pp. $7.75. (Available from the University Press of America, Inc., 4720 Boston Way, Lanham, Md. 20706.) A distinguished group of policy analysts examine the debt crisis.

Purcell, Susan Kaufman, "Debt and the Restructuring of Mexico." **Critical Issues.** New York, Council on Foreign Relations, 1988. 32 pp. $3.95. An overview of Mexico's economic and political situation as it relates to the country's foreign debt.

Shipley, Walter V., "Waiting in Juárez." **Vital Speeches of the Day,** January 2, 1988, pp. 250–51. The CEO of Chemical Bank explains the urgency of the Latin American debt situation.

Sloan, Robert D., "The Third World Debt Crisis: Where We Have Been and Where We Are Going." **The Washington Quarterly,** Winter 1988, pp. 103–18. A former banker provides a historical overview of the debt crisis, with a discussion of the Baker Plan and other debt-relief initiatives.

Tarshis, Lorie, "Disarming the Debt Bomb," **Challenge,** May/June 1987, pp. 18–23. A Canadian economist argues in favor of cancelling Third World debts as a means of stimulating world trade.

Third World Debt: A Reexamination of Long-Term Management. New York, Economic Policy Council of UNA-USA, September 1988. 39 pp. $8.00. (Available through the Publications Department, UNA-USA, 485 Fifth Avenue, New York, N.Y. 10017.) A panel of scholars, bankers and policymakers examine the obstacles to a successful resolution of the debt problem.

Whitehead, John C., "Third World Dilemma: More Debt or More Equity." **Department of State Bulletin,** December 1987, pp. 54–57. The deputy secretary of state outlines the Reagan Administration's policy toward the Third World debt crisis.

For further in-depth reading, write for the Great Decisions 1989 Bibliography (see page 4).

ILLUSTRATION CREDITS: p. 26, UN Photo/Shelley Rotner; p. 34, AP/Wide World Photos.

4.

ARMS AGREEMENTS

TOO LITTLE TOO LATE, OR TOO MUCH TOO SOON?

In May 1988, President Ronald Reagan paid his first visit to Moscow for his fourth meeting with Soviet General Secretary Mikhail Gorbachev. There the two leaders exchanged ratifications of the treaty on intermediate-range nuclear forces (INF), which had been approved by the U.S. Senate just in time for the summit. The agreement is the first ever to eliminate a whole category of nuclear missiles, and it contains unprecedented provisions for on-site inspections by both sides.

During Reagan's last year in office, the superpowers also made progress toward slashing their strategic, or long-range, forces, the backbone of their nuclear arsenals. There were also some promising developments in the long-stalemated East-West talks on conventional, or nonnuclear, force reductions in Europe.

Five years earlier, such developments had seemed out of the question. Reagan spent most of his first term denouncing the Soviet Union, the "evil empire," while allocating an unprecedented amount to build up U.S. military strength in peacetime. "Arms control" was at best a propaganda exercise, with both sides publicly advancing proposals that the other then promptly rejected. In November 1983, the U.S., at the request of the North Atlantic Treaty Organization (NATO), began installing INF in Western Europe to counter those on the Soviet side. (The members of NATO, which was founded in 1949, are Belgium, Britain, Canada, Denmark, the Federal Republic of Germany, France, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Turkey and the U.S.) In response, the Soviets walked out of the INF negotiations and the strategic arms reduction talks, or START. For the next few years, the stalemate led even some traditional arms control supporters to question the value of the process itself.

The tide turned at the Reagan-Gorbachev summit in Reykjavik, Iceland, in October 1986. There the two leaders, to the alarm of a number of Reagan's advisers and European allies, departed from their prepared agenda and discussed the possibility of eliminating nuclear weapons—or at least ballistic (rocket-propelled) missiles—altogether.

Reaction to the flurry of arms control activity since Reykjavik has been decidedly mixed. Public opinion has been overwhelmingly favorable, according to an opinion survey called "Americans Talk Security," although Americans are also generally wary of rushing into a bad deal with the Soviets.

Reagan and Gorbachev sign the completed INF treaty at their December 1987 summit meeting in Washington, D.C.

Experts, on the other hand, are divided. Some see the INF treaty as a significant contribution to U.S. security because it eliminates the threat to Western Europe from Soviet medium-range missiles and has contributed to a lessening of U.S.-Soviet tensions. Others view it as a minor first step, important as a precedent but affecting only 5% of the world's nuclear weapons—and only those of the superpowers, not the British, French or Chinese arsenals. Some critics, like former Secretary of State Henry A. Kissinger, fear that removing U.S. nuclear weapons from Western Europe will weaken the Atlantic alliance. He finds this especially worrisome when there is little chance that the U.S. will strengthen its conventional forces, which are far more expensive to maintain than nuclear weapons. Still others, including a number of former Reagan Administration officials, have denounced Reagan's abandonment of his earlier—and in their view, healthy—skepticism of the Soviet Union and the wisdom of dealing with Moscow.

What should we expect from arms control? Is it a promising avenue for reducing the dangers posed by nuclear weapons? Should the incoming Administration move quickly to build on the progress made to date or should it stand back and review its priorities?

Promise and pitfalls

Ever since the U.S. dropped nuclear bombs on Hiroshima and Nagasaki, Japan, in 1945 in order to hasten the end of World War II, people have been searching for ways to limit if not eliminate the dangers posed by these weapons. Arms control, which seeks to reduce the risk of nuclear war and to regulate levels of weapons through negotiated agreements between the superpowers, is only one of those ways, and not everyone agrees that it is the best one.

Conservatives, who do not trust the Soviets to live up to their end of any arms control bargain, place their faith in a strong U.S. military posture as the best guarantee of U.S. security. They believe the U.S.S.R.'s motives are fundamentally hostile and that it has a considerable advantage over the U.S. and its allies in conventional forces. In the words of the U.S. Ambassador to Turkey Robert Strausz-Hupé, "The West cannot gamble its security on a disarmament agreement until it faces across the conference table men who represent an open political system, are responsive to the popular will, and have forsworn aggression."

Current U.S. and Soviet Strategic Nuclear Forces

	Strategic nuclear delivery vehicles	Weapons (warheads)
U.S.		
Ballistic missiles:		
ICBMs	1,000	2,334
SLBMs	640	5,632
Bombers	353	4,808
Total	**1,993**	**12,774**
U.S.S.R.		
Ballistic missiles:		
ICBMs	1,418	6,440
SLBMs	932	3,492
Bombers	165	960
Total	**2,515**	**10,892**

Sources: Congressional Research Service and American Association for the Advancement of Science.

President Reagan's Strategic Defense Initiative (SDI) represents another approach to limiting the nuclear danger: building defensive weapons to shoot down offensive ballistic missiles. The U.S. began to build an antiballistic missile, or ABM, system once before, but negotiated ABM limits with Moscow as part of the 1972 SALT I (first strategic arms limitation talks) agreements and abandoned its system shortly after that.

Arms control advocates tend to be skeptical that either outgunning the Soviets or building defenses against their missiles holds any real prospect of eliminating the danger of nuclear war. Arms control rests on the assumption that war is less likely to occur if there is balance and stability in the kinds and numbers of forces that two opponents maintain. Arms control's primary goal, therefore, is to *manage*, rather than eliminate, the arms race in a way that minimizes these instabilities. As McGeorge Bundy, national security adviser in the Kennedy and Johnson Administrations (1961–69) has written, "The purpose of arms control agreements is to strengthen stability, not to get rid of the weapons. We don't know how to get rid of the weapons." Arms control has also been touted over the years as a way to save money and to advance cooperation and communication between the superpowers.

Arms control has come under fire from the left as well as the right. In contrast to some conservatives who see the Soviet Union as the primary threat to U.S. security, some liberals see nuclear weapons themselves as the chief danger. General and complete disarmament is the ultimate expression of the view that if all nuclear weapons were eliminated, the danger of war would also disappear. But many who do not see disarmament as the solution nevertheless believe that arms control has legitimized both sides' buildup rather than constrained it and has not done enough to encourage the adoption of less-threatening and less-destabilizing military postures.

The ABCs of nukespeak

To limit the threat it faces from the Soviet nuclear arsenal, the U.S. has depended on a combination of arms control and unilateral decisions about what kinds of weapons to build and where to put them. The key concept has always been to make sure these weapons never have to be used by *deterring* the Soviet Union from aggression.

Military deterrence is the process of convincing a potential aggressor, by the threat of retaliation, not to attack. In the nuclear age, deterrence depends on the capacity to strike back after a nuclear attack (or **first strike**). Retaliation must be both certain and potentially so devastating that an enemy considering aggression knows that more will be lost by attacking than could possibly be gained. He must, therefore, be convinced of your retaliatory (**second strike**) capability and your will to use it. Nuclear deterrence, in other words, depends on both military capabilities and *credibility:* the other side has to believe that you can and will inflict unacceptable damage on him if provoked —whether with nuclear or conventional weapons.

In order to make sure that not all of its weapons will be destroyed in the event of a Soviet first strike, the U.S. has relied since the 1960s on a mix of weapons known as the **strategic triad:** land-based, sea-based and aircraft-based intercontinental-range (or strategic) nuclear weapons, with a range of 3,400 miles or more. Each leg of the triad has its own strengths and weaknesses for retaliation. Land-based intercontinental ballistic missiles (ICBMs) are highly accurate. However, if they are located in stationary "silos," they are easy to find and therefore not very *survivable*. If they are equipped with multiple independently targetable reentry vehicles, or warheads (known as MIRVs), they are also very threatening and therefore likely to be early targets of attack in the event of war. This is why many arms control experts believe MIRVed ICBMs are so destabilizing.

Submarine-launched ballistic missiles (SLBMs) are hardest to find and destroy but have until very recently been far less accurate than ICBMs. Like ICBMs, SLBMs can be equipped with multiple warheads. Submarines can also carry cruise missiles. (Slower moving than ballistic missiles, cruise missiles fly much like a pilotless airplane. They are nearly invisible to radar, in part because they fly so low.) Bombers, which can also carry cruise missiles, present targeting problems for an opponent because they can leave their bases upon warning of an attack. (Unlike a missile, a bomber can be called back in case of a false alarm.) But the Soviet Union's extensive air defenses make it difficult for bombers to reach their targets, which is why the U.S. is developing "stealth" technology to make aircraft less visible to enemy radar.

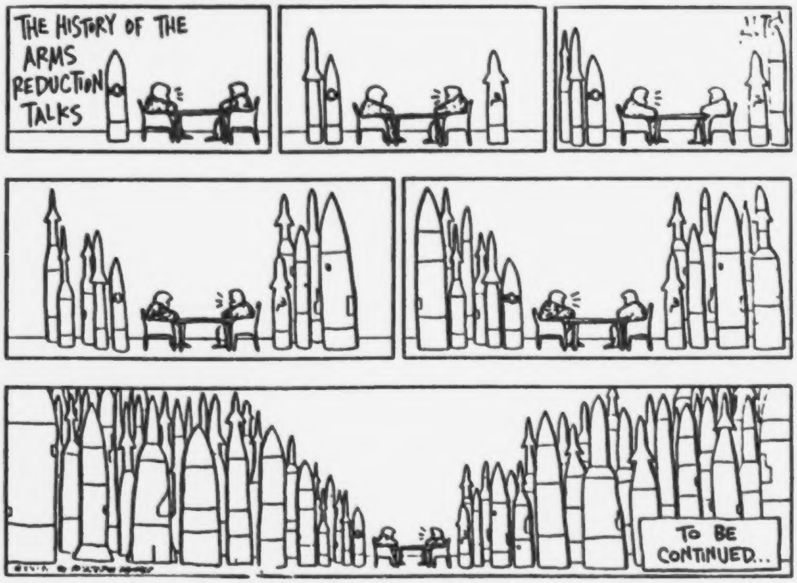
U.S. strategy today provides for a choice of targets, some of which are located near or within Soviet cities and industrial sites ("countervalue" targets) and some of which are Soviet military installations ("counterforce" targets). The idea is that a threat to use nuclear weapons is more credible if the President has a wide range of options in responding to any provocation.

Not everyone agrees that these options help make the U.S. secure. Liberal critics charge that with an arsenal that can already wipe out life as we know it many times over ("overkill"), the U.S. *reduces* its security by choosing strategies that must make the Soviet Union think the U.S. is actually planning to use them.

Today, the overall sizes of the superpowers' strategic nuclear arsenals are roughly comparable, although the structures of the two forces are different. The Soviets' strength is in their land-based ICBM force, dominated by large (or "heavy"), powerful and accurate multiwarhead missiles. The U.S. is stronger in submarines and bombers (see chart, p. 37). By what process has the U.S. chosen the weapons that make up its arsenal? What role has arms control played in limiting the nuclear threat?

Arms control: theory and practice

THE U.S. AND SOVIET UNION traded disarmament proposals after World War II until the cold war intervened. The U.S., which had rapidly demobilized after the war, depended on its monopoly of nuclear weapons to deter a Soviet conventional attack on American allies in Western Europe and otherwise to "contain" the expansion of Soviet power. Although the Soviets tested their first atomic weapon in 1949, the U.S. remained well ahead in the arms race for another two decades.


THE HISTORY OF THE ARMS REDUCTION TALKS
TO BE CONTINUED...

Auth © 1985 *Philadelphia Inquirer*. Reprinted with permission of Universal Press Syndicate.

Much of arms control theory was formulated during the 1950s and 1960s. It was incorporated into U.S. defense policy by Robert S. McNamara, secretary of defense during the Kennedy and Johnson Administrations. McNamara reasoned that since the Soviet Union was well on its way to catching up with the U.S., it no longer made sense to try to maintain U.S. nuclear superiority; in fact, it was dangerous to do so. He believed that deterrence would be stable so long as each side maintained an "assured destruction" capability, that is, "a clear and unmistakable ability to inflict an unacceptable degree of damage upon any aggressor...even after absorbing a first strike." In addition, each side should be certain that the other was not planning a first strike, so that neither would ever have an incentive to preempt such an attack, even at the height of a political crisis. McNamara estimated that the U.S. needed no more than 1,000 ICBMs to accomplish this,

Major Bilateral Arms Control Agreements

1963 "hot-line" accord: provided rapid, reliable communication between the superpowers (upgraded by agreement in 1971, 1978 and 1984).

1963 limited test ban treaty: ended all but underground nuclear tests.

1971 "accidents measures" agreement: required both superpowers to add safeguards against the accidental launch of nuclear weapons and to notify the other side in case of accidental use.

1972 SALT I (strategic arms limitation talks) agreement:

- Treaty on antiballistic missile systems (ABM): limited ABM deployment to two sites in each country (later reduced to one). Appendix to the treaty provided for discussions in the event that new "ABM systems based on other physical principles" were developed.
- Interim agreement on the limitation of strategic offensive arms: froze the number of stationary ICBMs (1,618 for the U.S.S.R., 1,054 for the U.S.), permitted the addition of SLBMs to agreed levels as replacements for older launchers; and banned replacement of older missiles with significantly heavier ones for five years.

1974 threshold test ban treaty: prohibited underground weapons tests with yields of over 150 kilotons. Never ratified.

1976 peaceful nuclear explosions treaty: limited underground nuclear explosions for peaceful purposes. Never ratified.

1979 SALT II agreement: set equal ceilings (2,400) on numbers of strategic nuclear delivery vehicles on both sides, as agreed at 1974 Vladivostok summit. Also set ceiling of 1,320 for MIRVed systems, subceiling of 1,200 for MIRVed ICBMs, and limited warheads permitted on any ICBM to 10. Never ratified, but both the U.S. and U.S.S.R. agreed to abide by its provisions. Reagan Administration exceeded SALT II limits in 1986 in response to alleged Soviet violations.

1987 "nuclear risk reduction centers" (NRRCs) agreement: committed both sides to work toward improving constant communications between Washington and Moscow.

1987 INF (intermediate-range nuclear forces) treaty: eliminated all U.S. and Soviet nuclear missiles with ranges between 300 and 3,400 miles. (U.S. will destroy 859 missiles, the U.S.S.R., 1,752.)

and the U.S. stopped adding to its arsenal of Minuteman missiles when it reached this number in 1967. His hope was that by ending its buildup, the U.S. could demonstrate its benign intentions to the Soviet Union. If that didn't work, he hoped he could convince Moscow in arms negotiations to design its forces according to the same logic. McNamara therefore saw arms control as a way of assuring that both sides would adjust their forces so that they clearly served deterrent purposes only.

Practice: the ABM debate

The concepts McNamara relied on have dominated U.S. arms control policy for 20 years. But practice has not always been consistent with theory. The present U.S. and Soviet arsenals are the product not so much of careful planning but of complex dynamics between the superpowers and among institutions with competing interests within each country.

McNamara's ideas ran into trouble because the pace and scale of the Soviet buildup during the 1960s triggered alarm in the U.S. After withdrawing their missiles from Cuba in the 1962 crisis, the Soviets increased their defense spending by 3%–4% a year. They kept building after they reached U.S. levels, and by the end of the decade had more ICBMs than the U.S. They also built up their arsenal of SLBMs, improved their air defenses, expanded civil defense measures, and began building an ABM system around Moscow. The Soviets also began deploying heavy land-based ICBMs that could destroy U.S. land-based missiles, even those housed in hardened (heavily protected) silos.

As a result, the Johnson Administration (1963–69) came under heavy pressure from the Joint Chiefs of Staff (JCS) and Congress to build new offensive weapons and a U.S. ABM system. Although it did not build additional missile launchers, the U.S. began developing MIRVs in 1965 since at the time they appeared to be the cheapest and least destabilizing way of countering Moscow's buildup.

Primarily in the hope of avoiding an ABM race, which he thought would be destabilizing, McNamara tried to get arms negotiations started with Moscow. He reasoned that if one side was invulnerable to the other's missiles, it could strike first without the fear of retaliation that was crucial to deterrence. Moreover, the cheapest way for the other side to counter an ABM defense system would be to add enough offensive weapons to overwhelm it, thereby triggering another round of the arms race. McNamara was unsuccessful in persuading the Soviets of his logic during the June 1967 Glassboro, N.J., summit meeting between President Lyndon B. Johnson and Soviet leader Alexei N. Kosygin. However, once the U.S. started building its own ABM system, the Soviets agreed to talks to limit both ABM systems and strategic arms.

Nixon, Kissinger and détente

The first SALT talks did not begin during the Johnson Administration because the Soviet Union invaded Czechoslovakia the day before they were to be announced. By the time Richard M. Nixon entered the White House in 1969, Soviet nuclear parity with the U.S. was nearly a reality. The image of the U.S. abroad had been weakened by the long war in Vietnam, whose unpopularity had also created deep divisions in this country and built pressure to cut defense spending. The new President and his national security adviser (later secretary of state) Kissinger therefore had a different arms control agenda from that of their predecessors. *Détente*, or a lessening of tensions, with the Soviet Union would be their primary foreign policy instrument, and arms control would be its most visible symbol. The idea was to use the common U.S. and Soviet interest in avoiding nuclear war as "a springboard for building a network of mutually advantageous relationships." Détente was to work primarily through "linkage": offering the Soviets agreements in areas of special concern to them, such as trade, to discourage them from stirring up trouble in the Third World that might require U.S. involvement. The Administration saw a SALT agreement more as a symbol of a new "era of negotiation" than as a way of addressing strategic problems. In the Nixon-Kissinger view, significant advances in arms control would have to wait for an overall improvement in superpower relations.

For the U.S.S.R., the talks offered acknowledgment from the U.S. and the rest of the world that the Soviet Union had become a superpower, on an equal footing with the U.S. Faced with recurring unrest in Eastern Europe and a deepening rift with its former ally, the People's Republic of China, as well as with a need to raise living standards at home, Moscow was also anxious to reduce tensions with the U.S.

SALT I: successes and failures

Agreement on the ABM treaty by the superpowers indicated that they both implicitly, at least, accepted the concept that building defenses would undermine the stability of deterrence by removing the certainty of mutual assured destruction. The interim agreement on offensive arms set a cap on the number of launchers, but it did not prevent major qualitative improvements: the MIRVing of launchers and dramatic increases in missile accuracy. MIRVs were left out of the agreement partly at the insistence of the JCS, who made their support for the treaty contingent on continuation of the U.S. MIRV program along with funding for what were to become the B-1 bomber, the Trident submarine and the Abrams tank. It was an omission many in the U.S. came to regret. By the late 1970s, it became widely apparent that the Soviet MIRV program, combined with a new generation of Soviet missiles then under development (notably the huge SS-18), posed a threat to the U.S. force of land-based missiles. The U.S. began to consider building a more powerful MIRVed ICBM, which would be mobile and therefore more survivable (the future missile experimental, or MX).

The major consequence of SALT I was political rather than military: "the process was the product," in the words of one observer. Made possible by a warming in the superpower relationship, the talks became the centerpiece of U.S.-Soviet relations. SALT I, however, was not, as advertised by Nixon and Kissinger, the first step "in a [détente] process leading to greater stability." Indeed, many observers believe the kind of rhetoric used to sell SALT and détente to the U.S. public inflated expectations and helped create a backlash as relations between the superpowers soured in subsequent years.

The numbers game

Part of the backlash was due to the U.S. agreement to freeze missile levels. This gave the Soviet Union a larger number to offset what Moscow claimed were U.S. technological and geographical advantages (some more-advanced weapons and the fact that the U.S. has no nuclear-armed adversaries on or near its borders, as does the U.S.S.R. in Western Europe and China). This provision made many in the U.S. angry, and Congress, shortly after ratifying SALT I, passed the Jackson Amendment. The amendment, authored by the late Senator Henry M. Jackson (D-Wash.), required the President to "seek a future treaty that...would not limit the U.S. to levels of intercontinental strategic forces inferior [in number] to the limits provided for the Soviet Union."

What this meant for future negotiations was a preoccupation with numbers at the expense of other considerations, such as the greatly improved missile accuracies that were undermining the stability of the strategic balance. It also made negotiating any agreement more difficult, since a treaty that was to be politically acceptable in the U.S. would require greater reductions by the Soviets.

President Gerald R. Ford and Soviet General Secretary Leonid I. Brezhnev agreed at Vladivostok, U.S.S.R., in 1974 on a framework that would govern the negotiations on SALT II. The Vladivostok accord set equal launcher limits and began to deal with some of the stability issues. Construction of new stationary land-based ICBM launchers would be banned, thereby encouraging both sides to add missiles in more-survivable categories like SLBMs. Ceilings on MIRVed missiles were also agreed on. But the large numbers in the agreement led Jackson to attack it for putting a cap on a mountain top, despite the fact that it had achieved the equal ceilings he had insisted on earlier.

Carter and SALT II

In his 1977 inaugural address, President Jimmy Carter expressed the hope of eliminating "all nuclear weapons from this earth." He believed that the nearly completed agreement left by the Ford Administration was too limited, and, although it took two more years, he succeeded in working out a more comprehensive SALT II treaty, which he and Brezhnev signed in 1979. Building on the Vladivostok accord, the treaty set additional limits on the number and types of Soviet ICBMs and placed further restrictions on MIRVing. It permitted each side to build only one new type of ICBM, which left the U.S. free to proceed with the MX.

Ratification of SALT II became a casualty of deteriorating U.S.-Soviet relations. Even before the end of the Ford Administration, it was increasingly obvious that Washington and Moscow understood détente to mean different things. Moscow did not gain the "mutually advantageous" trade it sought, mainly because of legislation that made U.S. trading privileges contingent on an improvement in Soviet human rights policy. Washington did not win an end to the involvement of the U.S.S.R. and its Cuban proxies in the Third World.

In the meantime, Soviet arms developments were creating alarm in the West. The Soviet Union had begun in 1977 to deploy a new and versatile generation of intermediate-range nuclear forces, with ranges of 300–3,400 miles, ideal for hitting the countries of Western Europe from Warsaw Pact territory. (The members of the Warsaw Pact, which was founded in 1955, are Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania and the

Soviet Union.) West European concern over the impact of these weapons on NATO's deterrent strategy led to a 1979 decision to station U.S. INF in Western Europe starting in 1983 unless a prior arms agreement removed the Soviet INF threat.

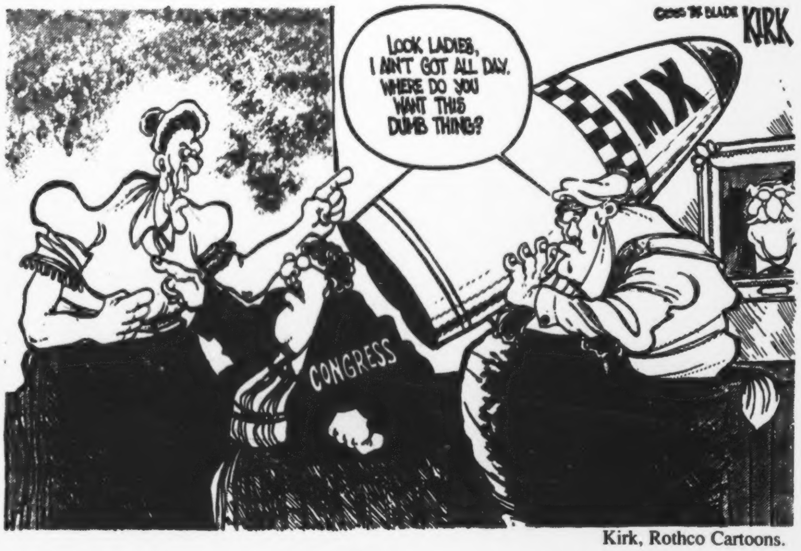
The Carter Administration gave the green light to development of the 10-warhead MX once it had worked out a survivable, mobile basing mode. The MX was to be fast, accurate and powerful enough to destroy SS-18s and other missiles in their hardened silos. But political squabbling over an appropriate basing mode continues and has held up deployment of half the planned MX force.

The fall of U.S. ally Mohammad Reza Shah Pahlavi of Iran in January 1979, followed in November by the taking of 66 American hostages by Iranian radicals and in December by the Soviet invasion of Afghanistan, attracted growing public attention to what appeared to be a serious weakening of American power relative to that of the Soviet Union. The prolonged debate over SALT II, which presidential candidate Ronald Reagan pronounced "fatally flawed," focused this debate still further and contributed to Reagan's landslide victory over Carter in 1980.

Reagan and arms control

Reagan viewed U.S. policy toward the Soviet Union during the 1970s as misguided. Many of his political advisers were charter members of the Committee on the Present Danger, where they had been sounding the alarm about the rapidly expanding Soviet military power since 1976. The committee cited heavy military expenditures, military writings and force structure as evidence that the Soviets were seeking strategic superiority that would enable them not only to "fight and win" a nuclear war but to extend the political and military influence of the U.S.S.R. throughout the world. In the face of this sustained buildup, for the U.S. to have decreased its own defense spending and placed its faith in arms control was sheer folly and placed the U.S. in a grave situation, according to the committee.

Reagan made strengthening the U.S. military a precondition of negotiations. Although the modernization of all three legs of the strategic triad had begun under Ford, Reagan raised spending on strategic forces by almost 50% between 1981 and 1987. He also bolstered U.S. conventional forces and proceeded with plans to station INF in Europe.


LOOK LADIES, I AIN'T GOT ALL DAY. WHERE DO YOU WANT THIS DUMB THING?
MX
CONGRESS
THE BLADE
KIRK

Kirk, Rothco Cartoons.

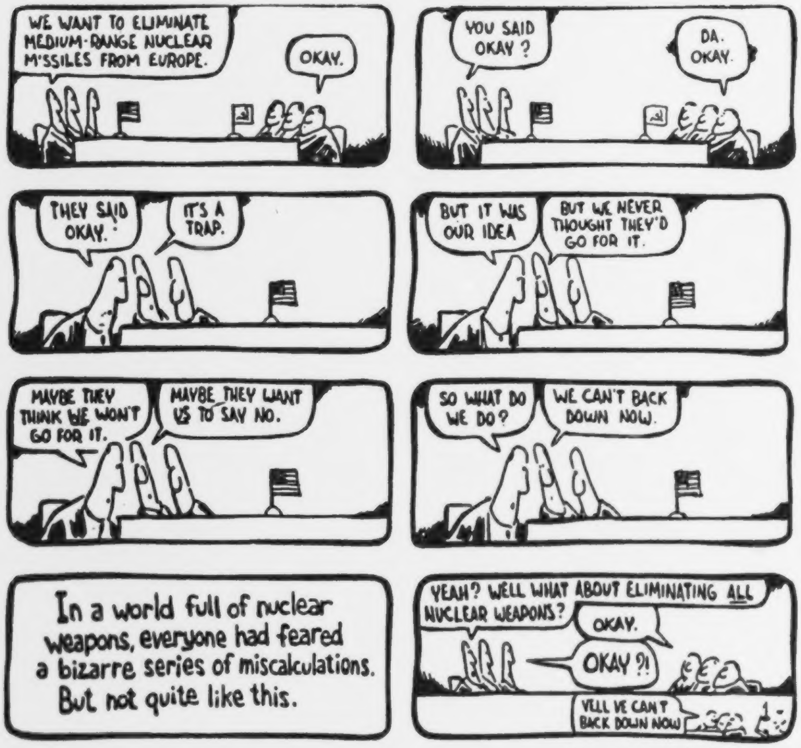
To deal with the impasse over the MX and how to base it, Reagan appointed a study commission chaired by former national security adviser Brent Scowcroft. The commission recommended, among other things, deploying the MX in existing fixed silos as soon as possible and beginning development of a new, small, mobile ICBM, with only one warhead. Mobility would make Midgetman more survivable, and its single warhead would make it look less threatening to the Soviet Union and therefore a less tempting target, both qualities that would contribute to a more stable strategic environment.

Reagan also revived the concept of missile defenses, abandoned after the 1972 ABM treaty. In announcing SDI in March 1983, he expressed the hope that building a defense against nuclear weapons would free the U.S. from the need to rely on deterrence by mutual assured destruction. Over $16 billion was appropriated for the program before Reagan left office.

Because of the general perception in this country that U.S. military strength had declined while the Soviet Union's had grown, Reagan's defense buildup (totaling over $1 trillion during his first five years in office) initially commanded widespread popular and congressional support. But the pace of the buildup, the stridency of the Administration's anti-Soviet rhetoric, the broad coverage in the press of former Secretary of Defense Caspar W. Weinberger's view that the U.S. should develop nuclear capabilities that would enable it to "prevail" in a nuclear war, combined with the Administration's neglect of arms control during its first 10 months in office, raised fears in the U.S. and in Western Europe. The result was a season of massive antinuclear demonstrations in Western Europe and the U.S. during 1981 and 1982, and the growth of public and congressional sentiment in the U.S. favoring a freeze on all further testing and deployment of nuclear weapons.

'Alliance management'

In late 1981, several weeks after some 250,000 West Germans turned out in Bonn to protest the planned installation of U.S. INF in West Germany, the U.S. offered to cancel the deployment if the Soviet Union would eliminate all of its INF (the "zero option"). Because the U.S. missiles were not scheduled to be installed for another two years, the proposal asked the Soviets to trade something for nothing. Neither the U.S. nor West European governments expected Moscow to accept the proposal, but the move did put the ball back in the Soviet court. "The purpose of this whole exercise," as a U.S. State Department official put it, "is maximum political advantage. It's not arms control we're engaged in, it's alli-


WE WANT TO ELIMINATE MEDIUM-RANGE NUCLEAR M'SSILES FROM EUROPE.
OKAY.
YOU SAID OKAY ?
DA. OKAY.
THEY SAID OKAY.
IT'S A TRAP.
BUT IT WAS OUR IDEA
BUT WE NEVER THOUGHT THEY'D GO FOR IT.
MAYBE THEY THINK WE WON'T GO FOR IT.
MAYBE THEY WANT US TO SAY NO.
SO WHAT DO WE DO?
WE CAN'T BACK DOWN NOW.
In a world full of nuclear weapons, everyone had feared a bizarre series of miscalculations. But not quite like this.
YEAH? WELL WHAT ABOUT ELIMINATING ALL NUCLEAR WEAPONS?
OKAY.
OKAY ?!
VELL VE CAN'T BACK DOWN NOW

Toles © 1987 *Buffalo News*.
Reprinted with permission of Universal Press Syndicate.

ance management." The Soviet Union did not accept the offer, and the first U.S. INF were installed in West Germany and Britain in November 1983.

Earlier that year, Reagan had called for new talks on strategic weapons. Criticizing the "pseudo arms control" of previous Administrations that had merely set limits to the growth of nuclear arsenals rather than lowering them, Reagan announced that in new START negotiations the U.S. would seek to cut strategic arsenals by 50%. The Administration also began releasing yearly reports on Soviet compliance with previous arms treaties that pointed to numerous violations. It insisted that it would not sign further agreements without rigorous verification procedures, including on-site inspections, which the Soviets had always refused.

Critics, among them a number of former arms control officials, charged that Administration arms proposals were so one-sided as to be nonnegotiable and accused Reagan of deliberately trying to sabotage all chances for arms control. Many, including some prominent scientists, were also alarmed by SDI, or "Star Wars." They pronounced it unattainable, ruinously expensive and potentially destabilizing. They objected that the plan would violate the ABM treaty, sound the death knell for arms control and touch off a new round of the arms race. The Soviet Union walked out of both the START and INF negotiations when the first U.S. INF were deployed.

Reykjavik and beyond

TALKS DID NOT BEGIN again in Geneva until March 1985. Reagan and Gorbachev met at Reykjavik in 1986 to ratify the progress made during the preceding year, but instead the discussions branched out in unanticipated directions. Gorbachev raised the possibility of a nuclear-free world by the year 2000, and Reagan proposed in turn that both sides eliminate all ballistic missiles within 10 years. The talks collapsed over disagreement on SDI, which the U.S.S.R. maintained would violate the ABM treaty if deployed and which it insisted be included in any talks on offensive weapons. The U.S. took the position that SDI was nonnegotiable.

At Reykjavik, however, the groundwork was laid for the INF treaty that was eventually signed in December 1987 and for the START talks that are still going on. In both cases, the Soviets have said yes to much of the substance of the Reagan proposals they had previously rejected.

Explanations for the dramatic turnaround vary. The Reagan Administration claimed the Soviets' return to the negotiating table vindicated its military programs and its insistence on real arms reductions rather than SALT-type caps on further growth.

Other explanations focus on the disastrous state of the Soviet economy and the accession of a dynamic new leader in the Kremlin who is addressing Soviet problems in innovative ways. Gorbachev has talked about the need for a "breathing space" that would give his reforms time to get off the ground, and most analysts—although they disagree on his long-term motives—agree that reaching arms accords with the U.S. could permit him to spend more money on "butter" instead of "guns" for a time.

Some believe the shift on arms control reflects fundamental changes in Soviet foreign policy and military strategy. Gorbachev often refers to "new political thinking," emphasizing the limitations on the use of military power in today's interdependent world. "Less security for the U.S. compared to the Soviet Union would not be in our interest since it could lead to mistrust and produce instability." Gorbachev has also denied that the Soviet Union is seeking superiority, asserting that Moscow's goal is strategic "sufficiency."

More-conservative voices suggest that while Gorbachev may be adopting surprising new tactics, his foreign policy goals are familiar: the elimination of U.S. nuclear weapons from Western Europe and the sowing of discord between the U.S. and its NATO allies by casting doubt on the reliability of the American nuclear guarantee. Dimitri K. Simes of the Carnegie Endowment for International Peace warns that Gorbachev seeks a breathing space now to ensure Soviet military superiority later. Conservatives also claim that Gorbachev can afford to reduce nuclear weapons because the Soviet Union and its allies still maintain overwhelming conventional superiority in Europe.

Too much too soon?

The INF treaty was ratified by the Senate, but not everyone greeted it with enthusiasm. Scowcroft, whom Reagan had earlier appointed to chair his commission on strategic forces, has charged the Reagan Administration with not acknowledging "the interrelationship between the various elements of U.S. strategic policy." The "decision [to pull INF out of Europe] implies that we are increasing our reliance on something else. U.S. strategic forces, conventional forces, or conventional arms control will have to compensate for the imbalance that still exists between NATO and Warsaw Pact conventional forces." Instead, the Reagan Administration rushed into START negotiations—which would reduce strategic weapons—and did so at a time of budget cutbacks at the Pentagon that make conventional increases unlikely.

Other supporters of arms control, while applauding the treaty as a positive first step, pointed out that it affects only a small percentage of the superpowers' huge arsenals. McGeorge Bundy has written that the "agreement is highly important in...terms of what it suggests about the possible future of arms control—and not really important at all...in terms of the weapons balance between NATO and the Warsaw Pact."

Current negotiations

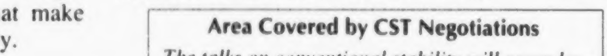
START. The formula worked out at the 1986 Reykjavik summit would theoretically reduce numbers of strategic weapons on both sides by roughly 50%, leaving each with 6,000 warheads on a maximum of 1,600 strategic nuclear delivery vehicles (land- or submarine-based launchers, bombers, etc.). Because of complex counting rules, however, actual reductions under a START agreement could come closer to 30%, leaving both sides with between 8,000 and 9,000 weapons. Cuts would be deepest for the most destabilizing weapons, however: the sides have agreed on a maximum of 4,900 warheads on ballistic missiles and, of these, only 1,540 on heavy land-based ICBMs. The counting rules should encourage both sides to restructure their forces by shifting emphasis toward more-survivable, slower-moving weapons such as those launched from bombers.

Before such a treaty can be signed, a number of issues need to be resolved. One concerns SDI and its relationship to the 1972 ABM treaty. The Reagan Administration adopted a "broad" interpretation of the treaty that would give it the right to develop and test in space new SDI technology. Administration critics and Moscow claim development is prohibited by the treaty under its "narrow" interpretation, an interpretation that has been accepted by prior Administrations. The treaty permits either side to withdraw from it on one year's notice. Moscow wants the U.S. to agree to adhere to the treaty, narrowly interpreted, for 10 years; the Reagan Administration would only agree to a 7-year commitment, and then only to the broad interpretation. How much of a stumbling block SDI will continue to be to agreement will depend on the new Administration's policy on early space testing and deployment. In approving the INF treaty, the Senate adopted a provision prohibiting the President from reinterpreting treaties without the advice and consent of the Senate.

Moscow and Washington also disagree on whether sea-launched cruise missiles should be included in an agreement and on how to count air-launched cruise missiles. Within the overall warhead limits, they also disagree on what categories of weapons should be additionally limited: the U.S. wants further limits on land-based ICBMs, which it considers the Soviet's greatest strength and the greatest threat to stability; the Soviet Union wants additional limits on SLBMs, in which the U.S. is stronger. The question of whether or not to permit mobile missiles has also not been resolved, and the superpowers continue to disagree on numerous verification details.

Conventional stability talks (CST). The agreement to eliminate INF from Western Europe and the prospect of deep cuts in strategic arsenals have focused renewed attention on the state of the conventional military balance in Europe. NATO's position is that the Warsaw Pact military alliance holds a considerable advantage in conventional troops and weapons in Europe (although there are many Western analysts who question how serious the imbalance is). Since 1973 NATO and the Warsaw Pact have participated in the inconclusive Mutual and Balanced Force Reductions (MBFR) talks on reducing the size of their conventional forces in Central Europe (see map).

In June 1986, the Soviet Union proposed new negotiations on



Area Covered by CST Negotiations

The talks on conventional stability will cover levels of troops and armaments in all of Europe, from the Atlantic Ocean to the Ural Mountains in the Soviet Union. The 23 participants will be the seven Warsaw Pact members and the 16 NATO nations.

Area Covered by MBFR Negotiations

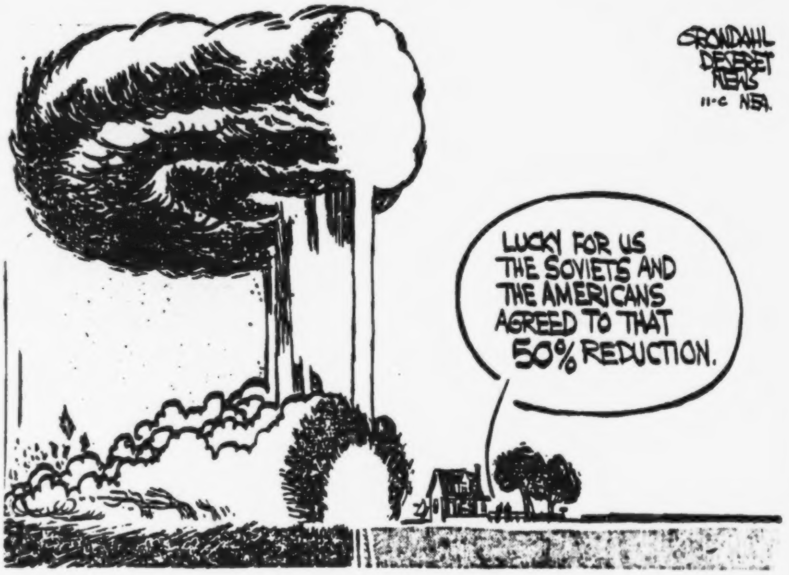
MBFR negotiations concern troop levels and armaments in the territory of East Germany, Poland, Czechoslovakia, West Germany, Belgium, the Netherlands and Luxembourg. Participants include the seven nations whose territory is involved, and the U.S., Canada, Britain and the Soviet Union. MBFR talks have continued since 1973 without reaching an agreement.

force reductions over a much wider area, "from the Atlantic to the Urals." These have become known as the CST. Gorbachev called for immediate cuts by both sides of 100,000 to 150,000 troops, and gradual reductions to 500,000 per side by the early 1990s. But Gorbachev has also acknowledged that there is a "certain asymmetry, both in forces and armaments," in Central Europe, and hinted that the Warsaw Pact might be prepared to make some one-sided reductions, as long as NATO would do the same in categories where it holds the edge. Gorbachev and other Soviet officials have also urged that both alliances adopt a "nonoffensive defense."

NATO has been cautious in its response, believing that unless the Warsaw Pact makes very disproportionate cuts in troop strength and offensive weapons like tanks and artillery, Western defenses will be worse off than if there were no agreement. In a March 1988 declaration, NATO foreign ministers presented their conventional arms control goals: the "establishment of a secure and stable balance of conventional forces at lower levels; the elimination of disparities prejudicial to stability and security; and, as a matter of high priority, the elimination of the capability for launching surprise attack and for initiating large-scale offensive action."

The CST negotiations will involve all seven Warsaw Pact members and all 16 members of NATO. Negotiating cuts in the larger zone holds both promise and pitfalls. NATO and Warsaw Pact forces are more evenly balanced in the new zone than in the MBFR area; on the other hand, getting such a large number of Western countries—not all of whose troops are integrated into the NATO military command structure—to agree on all issues has already proved difficult. A CST agreement would force Soviet troops to withdraw much further than the several hundred miles required under the old formula. On the other hand, U.S. troops would have to be pulled back across the Atlantic.

Many remain skeptical that Moscow will actually make the cuts it is talking about. Some think Soviet proposals are primarily for propaganda value, part of its traditional strategy of trying to drive a wedge between the U.S. and its NATO allies. Others think the Soviet offer may be genuine. Conventional forces are far more expensive than nuclear arsenals to maintain, and saving money in this area could make Gorbachev's task of restructuring the Soviet economy easier, or permit him to redirect some military resources into developing the technology he will need for the next generation of conventional weapons. Some observers note that pressures on the U.S. defense budget would also make a conventional arms deal a good one for the U.S.


GRONDAHL DESERET NEWS 11-6 NEA.
LUCKY FOR US THE SOVIETS AND THE AMERICANS AGREED TO THAT 50% REDUCTION.

Grondahl © 1985 Newspaper Enterprise Association.

U.S. policy options

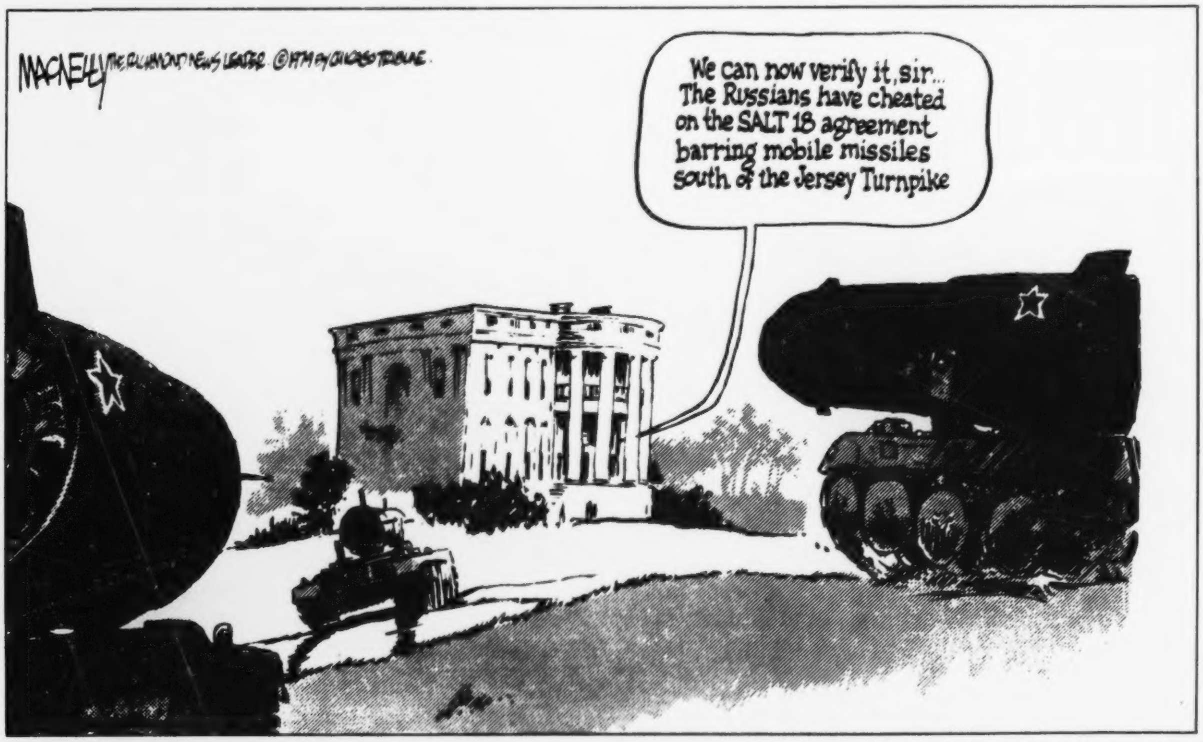
The conclusion of the INF treaty and the prospect of a START agreement have prompted a lively debate over what U.S. arms control goals should be in the coming years. Some options under discussion follow.

On strategic weapons, the U.S. should:

(1) Proceed cautiously before agreeing to a START treaty. The START cuts outlined by the Reagan Administration, Scowcroft and others argue, would decrease stability, leaving remaining U.S. forces more vulnerable by lowering the number of targets Moscow would have to hit in a first strike. Scowcroft believes it would be dangerous to reverse the practice of erring on the side of possibly too much nuclear strength in order to test how far the U.S. can cut back without damaging deterrence. Arbitrarily picking a smaller number of weapons is the wrong approach: it is the quality, not the quantity, of forces that matters to stability. In this regard, the Reagan Administration's proposed ban on mobile missiles is a mistake, it is argued, as is the abandonment of the single-warhead Midgetman in the fiscal year 1989 defense budget.

Moreover, the U.S. does not currently have the ability to monitor Soviet compliance with a START agreement, according to a February 1988 Senate Intelligence Committee report. If cheating could not be detected, the U.S. could find itself in an extremely dangerous "breakout" situation, where the U.S.S.R. could quickly deploy hidden weapons, putting the U.S. at a severe disadvantage.

(2) Work toward concluding a START agreement. With 50% cuts, the U.S. should still be able to threaten enough Soviet targets after a first strike to maintain deterrence, according to a study done by The Brookings Institution expert John D. Steinbruner with Michael M. May and George F. Bing of the Lawrence Livermore National Laboratory. This would be true particularly if the U.S. continues to modernize its strategic forces to make them more survivable, which the treaty will not prevent in any meaningful way. (Although the issue of mobile missiles has not been decided, many believe the


MACNELLY THE RICHMOND NEWS LEADER
CHICAGO TRIBUNE
We can now verify it, sir... The Russians have cheated on the SALT 18 agreement barring mobile missiles south of the Jersey Turnpike

Reprinted by permission: Tribune Media Services.

Soviets will not agree to a treaty requiring them to give up their already-deployed mobile ICBMs.) These changes would tend to lower both sides' first-strike capabilities, adding to stability.

On verification, Michael Krepon of the Carnegie Endowment for International Peace believes that rules can be worked out which will prevent most cheating by making it extremely costly. The variety of required intrusive, on-site measures would also provide the U.S. with greater knowledge about the workings of the Soviet national security and military establishment, in the view of Arms Control Association deputy director Jack Mendelsohn. Over the long run, careful restructuring of forces at reduced levels should also save money.

(3) Work toward deeper cuts. "...Nuclear weapons serve no military purpose whatsoever...except only to deter one's opponent from using them," in McNamara's words, and a far lower number of nuclear weapons would suffice to ensure deterrence. The U.S. should also adopt a policy of "no-first-use" of nuclear weapons either in anticipation of a nuclear strike or in response to a nonnuclear attack. Such a policy would leave no doubt that the U.S. nuclear arsenal is for deterrence only. The Brookings-Livermore study suggested that deterrence could be maintained with cuts down to 3,000 warheads apiece, provided the U.S. continues to modernize its remaining forces to make them more survivable.

Cuts could go still lower in the future, to 1,000 weapons apiece or even to zero, says Union of Concerned Scientists' Richard Garwin, if all nuclear powers agree to reduce their arsenals and to stop modernizing and testing nuclear weapons (a nuclear freeze) and if steps are taken to ensure that nonnuclear nations do not develop their own nuclear weapons. Randall Forsberg, who founded the nuclear freeze movement in the early 1980s, believes nuclear disarmament is possible "if it is designed to take place over a period of decades...if it is international, not unilateral, and if it eliminates the more aggressive and escalatory uses of armed forces first, leaving the more defensive elements for later stages...."

Conventional forces

A decision to move toward lower levels of nuclear weapons, most agree, must be synchronized with a policy on conventional forces. Here, the U.S. should:

(1) Seek deep cuts in Soviet forces for modest cuts in NATO forces. This would be a reasonably low-risk test of Soviet intentions; modest NATO cuts could be reversed should the need suddenly arise, whereas deep cuts would be politically and logistically difficult to undo. Cuts should focus on the most clearly offensive ground troops and weapons (like tanks and artillery), which should be pulled back from Central Europe to ease tensions there.

(2) Seek deeper cuts in Soviet forces for deep cuts in NATO forces. The current high levels of troops and armaments in Central Europe capable of offensive action are a holdover from the earlier cold-war climate when armed conflict seemed a real possibility. Deep cuts on both sides, sparing weapons and troop structures best suited for defense, would do much to promote stability. Such reductions would also save the West millions of dollars.

★ ★ ★

Do the recent INF treaty and the current arms negotiations represent real first steps toward a world with fewer nuclear weapons? Will that world be a safer one?

Opinion Ballot
➠ on page 93 ➠

FOR DISCUSSION

1. Critics of the INF treaty fear it is the first step toward the "denuclearization" of Europe and the breakup of the Atlantic alliance. Supporters call it the first step toward ending the superpower nuclear arms race. Who is right? Do you think the INF treaty makes war more—or less—likely? What steps should NATO take to decrease the danger of war in Europe?

2. Brent Scowcroft argues that too much strength is safer than too little when calculating how many and what kinds of nuclear weapons are required for deterrence. Others argue that each side already has so many weapons that deterrence can be maintained at lower levels, which would reduce insecurity and save money. Who has the stronger case? Why?

3. What is your assessment of Gorbachev's motives in proposing deep cuts in both nuclear and conventional weapons? Is he committed to disarmament? Is he trying to save money? Does he have another motive?

4. What policy do you think the U.S. should follow with regard to research and development of SDI over the next few years? Is SDI principally a bargaining chip or is it essential to U.S. security? Can we afford SDI?

5. The current high U.S. Federal budget deficit is creating pressures to keep defense budgets down. Some argue that the U.S. weakens its hand by making cuts before going to the bargaining table, in effect making concessions without requiring a Soviet concession in return. Others say that weapons are rarely traded away in negotiations and that cutting funding for them is the only way to make sure they are not built. What do you think?

6. The Reagan Administration cut most funding for the mobile single-warhead Midgetman missile in fiscal year 1989. Midgetman's opponents say it is too expensive (the completed program could cost $40 billion); proponents think it would increase stability. What do you think?

7. In your view, what is the primary function or contribution of arms control? How well do you think it has performed this function over the years? Why? Do recent developments encourage or worry you?

SUGGESTED READINGS

Allison, Graham T., Jr., "Testing Gorbachev." **Foreign Affairs,** Fall 1988, pp. 18–32. Dean of Harvard University's John F. Kennedy School of Government analyzes Gorbachev's statements and policies, including those on arms control, and urges Washington to test him by advancing "Washington's interests through proposals that Gorbachev cannot refuse—if he means what he says."

"Conventional Arms Control: The Way Ahead." **Department of State Bulletin,** May 1988, pp. 2–4. Statement issued by NATO ministers at a March 1988 North Atlantic Council meeting.

Dean, Jonathan, **Dismantling the East-West Military Confrontation in Europe**. Lexington Books for the Union of Concerned Scientists, 1987. 286 pp. $9.95 (paper). Background of conventional arms talks in Europe, and recommendations for lowering tensions in Europe, by a former ambassador and head of U.S. delegation to MBFR talks.

Forsberg, Randall, "The Freeze and Beyond: Confining the Military to Defense as a Route to Disarmament." **World Policy Journal,** Winter 1984, pp. 285–318. Founder of the nuclear freeze movement lays out a plan for gradual reductions to zero nuclear weapons.

Freedman, Lawrence, "Managing Alliances." **Foreign Policy,** Spring 1988, pp. 65–85. A British arms control expert's view of NATO's future after the INF treaty.

Scowcroft, Brent, Deutch, John, and Woolsey, R. James, "Come and Get Us." **The New Republic**, April 18, 1988, pp. 16–18. Former government officials attack Reagan Administration nuclear and arms control policy for having "completely snarled up the relationship between its programs and its negotiating approach."

"Star Wars and the Geneva Talks: What Future for Arms Control?" **Great Decisions '86**. New York, Foreign Policy Association, 1986, pp. 15–24. Background on SDI.

The START Negotiations in Moscow: Implications for National Security. 44 pp. Available free from the American Association for the Advancement of Science, 1333 H Street, N.W., Washington, D.C. 20005. Proceedings from a June 1988 congressional seminar.

For further in-depth reading, write for the Great Decisions 1989 Bibliography (see page 4).

ILLUSTRATION CREDITS: p. 36, Bill Fitz-Patrick, The White House.

5.

CHINA

REDEFINING THE REVOLUTION

Deng Xiaoping, China's senior leader

AT THE HEIGHT of massive civil disorders in China known as the Great Proletarian Cultural Revolution (1966–76), a local functionary named Hu Yaobang was banished from the Communist party for being a "revisionist" and "counterrevolutionary." He had made the mistake of associating with Deng Xiaoping and others advocating change in China's socialist system. For a man in his 50s, it seemed that his political career was over. Yet by 1980 Hu had become the general secretary of the Chinese Communist party, second in power only to Deng himself, China's senior leader. For the next seven years, Hu was one of the most vocal proponents of fundamental and rapid political, economic and social change. His flashy, gregarious manner was in sharp contrast to the more somber and cautious style of most party officials. He wore snappy Western-style suits—rejecting the drab Mao jackets worn by conservative leaders—and encouraged Western and other capitalist countries to invest in China. In short, Hu symbolized the new post-Mao China.

Hu's progressive, fiery and impulsive manner antagonized party conservatives. He urged older members to retire and refused to promote their offspring simply on the basis of family connections. And he challenged formerly unquestionable facets of the system: political indoctrination in the workplace and in schools, party authority over the government, and artistic and intellectual restrictions.

Tensions between the reformers and the conservatives came to a head in late 1986 when thousands of students at major universities called for further political liberalization. They burned Communist party newspapers, hung up illegal wall posters and denounced party leaders for dragging their feet on reforms. Police were sent in to arrest or scare off the students, and in the days that followed a number of prominent intellectuals were dismissed from their jobs for having "bourgeois tendencies." Hard-liners felt China was going too far, too fast, and forced Hu's resignation as general secretary in January 1987.

In November, the party's Central Committee determined that Hu would be allowed to keep his position in the Politburo, the party's highest organ. This was interpreted by observers as a clear sign that the reformers were firmly in command and that the revolutionary changes they had inaugurated in 1978 under Deng were still on track.

As the People's Republic of China (PRC) prepares to celebrate its 40th anniversary, Hu's story is symbolic of the turbulence and change China has experienced. His most recent fall from grace and return to politics, though in a limited capacity, also illustrate the resilience of the present liberalization movement.

What does the future hold for Deng's reforms and China's modernization plans? How does the Chinese program compare with the Soviet Union's *perestroika* (restructuring of the economy) and *glasnost* (openness, or public airing)? What effect may the reforms have on China's relations with the Soviet Union, its other neighbors and the U.S.?

China before Deng

In 1949, Mao Zedong, considered the father of the PRC, promised a poor, hungry and war-devastated country of 500 million people a "new democratic" China under communism. After driving the ruling Nationalists off the mainland to the island province of Taiwan, Mao began to establish an economic and political order patterned on the Soviet Union's Marxist-Leninist model of economic development and political organization. His objective was to create a classless society based on the notion of collective ownership of the means of production and to make China a sovereign and self-sufficient country.

Private domestic and foreign industries and agriculture were nationalized. Production goals, capital investments in farms and factories, and the distribution of goods were strictly regulated through plans drawn up by the state's top leaders, who were also the ranking members of the Chinese Communist party. Mao made urban-led industrialization a priority in his modernization program and looked to the Soviet Union for the financial and material aid to attain it. The U.S.S.R. and Communist China were drawn together by their mutual distrust of the West and the similarity in their ideologies.

By the late 1950s, Sino-Soviet relations had begun to sour. Ideologically the two Communist countries were moving apart. While the Soviets were talking "peaceful coexistence" with China's archenemy, the U.S., they were notifying the PRC that they had canceled a secret agreement to help it manufacture nuclear weapons. In 1960 the Soviet Union abruptly recalled its economic and technical advisers from China.

By then Mao had begun to redefine socialism to fit China's needs as he saw them. In 1958 he had instituted an economic program known as the Great Leap Forward. Collective farms were reorganized into even bigger, largely self-sufficient communes that combined small-scale industry with agriculture. Party members were put in charge of all activities in the commune—farming, marketing, education, administration and public security. Mao argued that strong ideological leadership and the delegation of greater political power to the communes could unleash a "leap forward" in technical innovation and economic output.

Mao drove the population to produce at impossible rates. Vast numbers were commandeered to work in small industries, harvesting was neglected and grain production plummeted. Millions died of starvation. As the country plunged into an economic and psychological depression, Mao abandoned his great leap and stepped down from the chairmanship of the PRC but not from leadership of the party.

In 1966 Mao attempted to regain his influence and control with a new assault on the country's way of life. Returning to the theme of strength through ideological purity that he had stressed during the Great Leap Forward, he launched the Cultural Revolution. This second shock to the body politic crippled what the people needed most—a functioning economy. Many of China's regions plunged into anarchy, as schools, factories, communes and political institutions were dismantled. Party leaders, government administrators, factory managers and educators were removed from their positions, publicly humiliated, beaten and sometimes killed by gangs of radical youths known as Red Guards. Eventually the army moved in to restore order. But by that time the most severe damage had already been done, and China's development was set back by more than a decade. At the time of Mao's death in 1976, China was slowly trying to rebuild the institutions that had been destroyed during the Cultural Revolution, to reverse the declining rate of economic growth and to reestablish confidence in the government.

The centrally planned economy was a very inefficient system that suffered from prices that bore no relation to cost, a shortage of some goods and an excess of others, and the lack of foreign trade and competition. Although more people had access to schooling and medical assistance, housing and public services in the cities were scarce, and transportation was poor. There was an energy shortage (although the country is rich in oil and coal), a lack of technical and managerial know-how and high birth and unemployment rates. The time had come for new leadership to redefine the revolution that Mao had begun.

Deng's economic reforms

Within two years of Mao's death, Deng had emerged as China's leader. Although Deng was twice purged from the Communist party, in 1966 and 1976, he had always maintained the friendship and respect of a number of influential people within the party and the military. He set about rebuilding the economy, and in 1978 the party announced an economic reform program to modernize China. The focus was on four areas—agriculture, industry, science and technology, and defense.

Since then two major sets of economic reforms have been cautiously implemented—the "responsibility system," first in agriculture and then industry, and the "open door policy." The responsibility system has begun to transform China's planned economy into a more market-regulated economy. Since 1978 the collectives have been broken up. Families or groups of families in the countryside have signed contracts with the state establishing quotas they have to fill, and anything that they produce above their quota can be kept for their own use or sold at market prices for profit. This provides an incentive for hard work and maximum production. In 1984, the party began allowing peasants to sign contracts to farm land for a period of 15 years, which enhanced their sense of security.

The industrial responsibility system encourages individuals and collectives to take over the management of large- and medium-sized state enterprises that are performing poorly; whatever they produce above the quota, they keep.

Free-market prices

Price reform is the cornerstone of the new economic strategy. As the state role in managing industries and imposing economic plans has diminished, the market's role has grown, notably in regulating production. The state no longer prescribes purchase quotas for major agricultural products, and since 1985 farmers have been able to sell most of their products at prices set by free-market forces. As much as 55% of industrial products are also sold at free-market prices.

In May 1988 the party announced its intention of phasing out price controls in a number of years. But the overheated economy and rising inflation prompted the party to back off last September and to slow down the country's economic restructuring program.

Managers of private enterprises in China today assume many of the risks associated with private enterprise in the West, but many find the risks worth taking and are earning more than their counterparts who work for the state. To cite one example reported by *The Economist* (London): Before 1980, Zhao Lianguo was a poor peasant in the economically backward province of Shanxi. When Deng's economic reforms got under way, Zhao got government loans and set up a business. He now employs 40 people who make cotton shirts and shorts in backrooms and lofts. Mr. Zhao, the wealthiest man in his village, owns a color television set, a Japanese motorbike, a pickup truck and a large house. Zhao "broke the iron rice bowl" and has been financially successful.

Also initiated during Deng's rule was the open door policy, which ended China's isolation from the world economy. China welcomes and seeks out foreign investment, joint ventures, loans, aid, technology and advice on the management of its economy and businesses. China trades with more than 170 countries. And companies like Procter & Gamble, Bausch & Lomb, Johnson & Johnson, RJR Nabisco and Seagram are selling products made in China to the Chinese, such as Ritz crackers, Band-Aids, contact lenses and wine coolers.

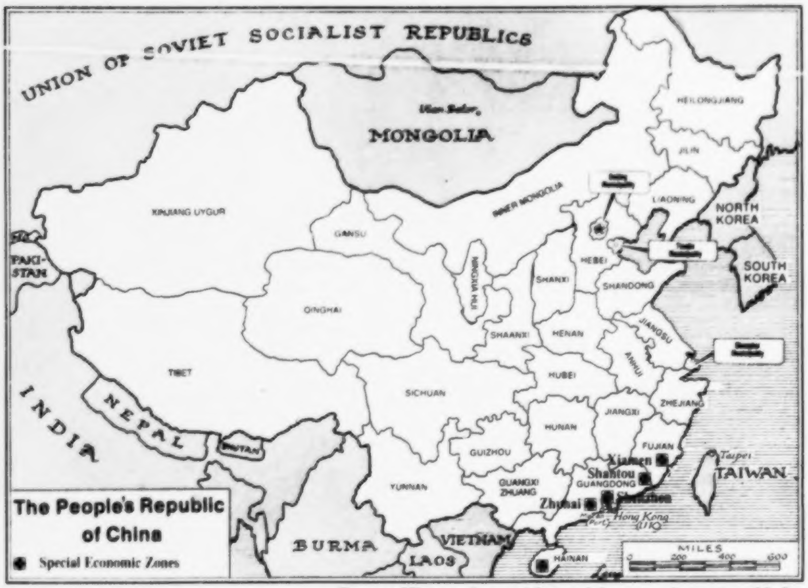
In an experiment to attract foreign business, Deng created four "special economic zones" along the coast, which offer favorable tax, trade and profit-repatriation terms. Fourteen coastal cities provide similar incentives to foreign investors. Hainan, an island which is almost as large as Taiwan, became the fifth and largest special economic zone in 1988.

Other evidence of the rapid pace of economic change includes the 1986 reopening of the Shanghai Stock Exchange, which had been closed since 1949, and the October 1987 decision to begin selling long-term land-use leases to foreigners in certain cities and in the special economic zones. Leases can be obtained for 50, 70 or 90 years, depending on the city. The leaseholders must reinvest a percentage of the property's cost in its development before reselling.

Change and innovation

The fact that in 1987 the best-selling author in Beijing, the nation's capital, was Chrysler president Lee Iacocca is telling: the entrepreneurial spirit is catching on. By any standards, China's record in the first decade of the reform program, despite ups and downs, has been impressive. Between 1978 and 1988, China's gross national product (GNP)—the value of all goods and services produced in a year—doubled, and its annual economic growth rate averaged a remarkable 9.3%. As Foreign Minister Qian Qichen declared at a Foreign Policy Association luncheon in New York City last September, the goal now is "to double our GNP by the end of the century and then use another 50 years to lift China to a medium level of economic development."

Both agriculture and industry have made impressive gains, with industry growing at the average rate of 12.1% in the years 1983–87 and agriculture, 3.5%. Long a grain importer, in 1985 and 1986 China exported substantial quantities, and its 1987 grain harvest set a record. Rural industry and commerce are among the fastest growing sectors of the economy and employ 15% of the labor force—more than 85 million people.



Current History, Inc., with special economic zones added.

The expansion of foreign trade and investment has been rapid. According to Virginia Kamsky, a consultant to U.S. businesses in China, the PRC has signed contracts for 10,000 foreign-funded enterprises, 4,300 of which are now in operation. Between 1983 and 1987 foreign investment in China increased at the rate of 31.5% a year. In 1987, the output of industries financed with foreign investment nearly doubled, but they still account for only about 1% of China's total industrial production.

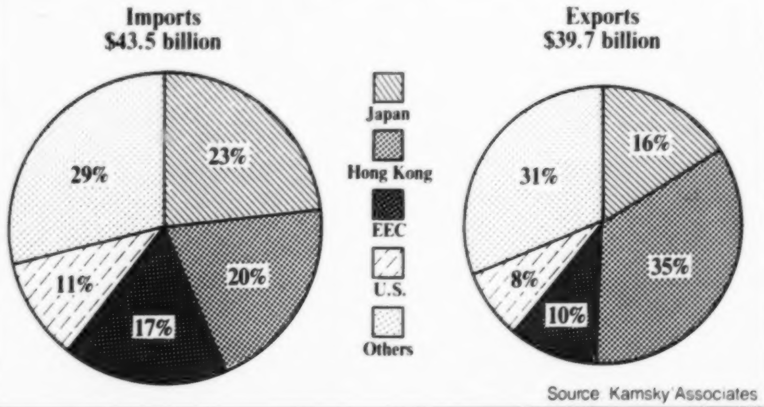
Today more than one fourth of China's households have TV sets, and one in eight families now has a washing machine. Many of these consumer goods are imported, and this contributed in 1985 to a trade deficit of major proportions—some $15 billion. By pushing exports and encouraging the influx of foreign capital, China slashed the deficit in two years to $3.8 billion. China's principal trade partners are Hong Kong, Japan and the European Economic Community. Trade with the U.S. in 1987 was $7.9 billion, 9.6% of China's total (see chart on p. 50).

The transition from a planned to a more market-oriented economy has not been painless. By allowing certain sectors of the economy and certain regions to be the first to experiment with reforms, the government has created the problem of uneven development. While some coastal areas have prospered, there are regions that are still mired in poverty. The government believes that the wealth and economic development of the coastal regions will ultimately fuel the economies of inland areas.

The income gap between wage earners, on the one hand, and the farmers and factory managers who have made huge profits on the free market and consequently enjoy much higher standards of living is another source of friction. While the planners in Beijing feel that those who are taking the risks "should be allowed to become rich first and the most-talented people should be placed in key posts to raise production and increase efficiency," the have-nots complain about the abandonment of the socialist principle of egalitarianism.

The partial dismantling of the centralized price-control system has also caused problems. The resulting mix of free and regulated prices has led to gluts of those goods that are most profitable, shortages of others and a black market in which some corrupt bureaucrats have made fortunes. The rapid growth of the money supply in 1988 resulted in double-digit inflation and buying panics. Salt, the most basic sea-

China's Major Trading Partners (1987)



Source: Kamsky Associates

soning in the Chinese diet, had to be rationed in Beijing last fall. Hardest hit was the urban wage earner, who saw his living standard fall as prices rose faster than his paycheck.

The economy is also beset by problems common to many developing countries, such as an underdeveloped infrastructure. Nearly all areas of the country suffer from a shortage of paved highways and railroad tracks, from undependable electricity, slow mail distribution and few telephones.

Population issue

Rapid population growth is another concern. Despite the radical policy implemented in 1979 to discourage families from having more than one child, the population of 1.08 billion is still growing very fast. The state said in 1980 it wanted to limit the population to 1.2 billion by the year 2000, but it now expects to surpass that goal by 70 million. In 1987, for the second year in a row, the population grew by 22 million, and foreign population experts predict that this fast rate could continue at least until 1995 before tapering off.

While it has established general guidelines, the government has allowed provinces to develop their own population policies. Some offer a year's worth of free health care to couples who agree to be sterilized after their first child; some impose fines of a year's salary for having additional children; and others offer sex education in the workplace and in schools and encourage late marriages. It is estimated that only 15.2% of Chinese families comply with the one-child policy; the average number of children per household is 2.3.

The population issue is critical because it could affect China's economic growth. But that does not appear to be a present danger. For the last decade, the rate of growth of per capita income has far outstripped population growth.

The increase in corruption is another worrisome trend. A 1988 poll of 2,000 urban Chinese found that the source of greatest dissatisfaction to 84% was the "unhealthy work style" of the party and bureaucracy. While most corruption is said to be on a fairly small scale, a few highly publicized incidents have shocked the public. One of the most notorious cases was that of an airline employee who was sentenced to death early in 1988 for embezzling more than $53,900 by issuing tickets that were not accounted for. (The average worker makes $32 a month.) Government officials are clearly concerned that unless they take strong measures to curb it, corruption will dampen support for the reforms and the leadership.

Another development that has troubled reformers is the large number of Chinese students who are staying in the U.S. Of the 36,000 students who have come to study in the U.S. in the past decade, only 9,000 have gone back to China. Many are still finishing their degrees, but some may have decided not to return home.

As China strengthens its universities with the help of foreign specialists, it will be sending fewer students abroad. The reformers have already done much to rebuild a credible, nonpoliticized educational system, which includes national college entrance exams and postgraduate degrees. Emphasis is being put on scientific and technical courses, high academic standards, and the development of elite colleges and universities for China's brightest students. Many students with advanced degrees, however, encounter obstacles in finding work. In some instances factors such as seniority and personal contacts count for more than education. Getting promoted can take years, and changing jobs is difficult.

Chinese employers can legally refuse to let an employee change jobs, and despite the inducements to do business in China, some foreign companies are having trouble getting enough qualified Chinese workers. In many cities, state agencies supply the foreign companies with employees and they often take 70% to 80% of the worker's wages (in return for health care and housing), which reduces the incentive to work for a higher-paying foreign company. However, foreign firms engaged in joint ventures that supply advanced technology, manufacture goods for export or substitutes for imports can hire directly and may even advertise for workers.

Most of the problems related to the economic reforms are the inevitable product of a system and society going through rapid and fundamental change, but when any of these seem to become unmanageable, conservatives are quick to suggest a slower, moderated pace. Deng's answer to his critics has been: "It's better to have short, sharp pains than long, dull pains." But recently he appears to have acquiesced in a slower rate of reform and has called for a period of "readjustment" to cool the economy.

Political and social reform

As in the case of the economy, the legacy of Mao is slowly but surely being lifted from Chinese politics and society. Although the leadership is moving more slowly than on economic reforms, it is gradually transforming the political and social systems and is institutionalizing change. The party and government are being streamlined and a professional civil-service system is being introduced. In March 1988 the party announced that 10,000 jobs, or one fifth of the central government bureaucracy, would be eliminated.

Deng has made progress in other areas. In November 1987, for example, he managed to place a number of young, reform-minded leaders in the 18-member Politburo. Many of them are supporters of Zhao Ziyang, China's general secretary, who succeeded Hu. They are technocrats rather than ideologues and are thus likely to avoid the wide policy swings that have characterized the Chinese Communist movement throughout its history.

Beyond structural reform, Deng and Zhao are implementing a more profound change in the political system by introducing elements of democracy. Claiming to speak on behalf of Deng, a senior official at the 13th Party Congress in 1987 said that "a country that lacks democracy may achieve economic prosperity, but its long-term development will inevitably be hindered." This call for democratic change led to dramatic scenes at the annual meeting of the National People's Congress in March 1988, when delegates questioned government officials and even cast "no" votes. On the floor of the Great Hall of the People, members expressed concerns ranging from the rate of inflation to the military's role in civilian projects. And this was all reported by both the foreign and domestic press. Furthermore, party-approved candidates are no longer assured victory in local elections, multicandidate ballots are becoming popular, and occasionally write-ins win party or government seats.

Zhao is trying to encourage active political participation at the local level and to reduce the party's influence on government and society at all levels. At the March meeting of the Communist party's Central Committee, Zhao declared, "we must speak the truth to the whole people about major incidents concerning social stability, explain policies and enlist people's support and cooperation through extensive dialogues." He went on to express his wishes that a type of "town hall" democracy be developed throughout the country to provide the Chinese people with an opportunity to comment on significant national issues and a form of "checks and balances" on the party and the government.

To codify Deng's reforms, efforts have been under way since 1979 to reestablish a credible legal system. Priority has been given to drafting laws regulating foreign investment, joint ventures and taxation of business operations. The Chinese want foreign businesses to know their investments are secure. Eventually China hopes to revamp its entire legal system and has looked at the laws of a number of foreign countries for models. Mao had called lawyers "parasites of society" and abolished the profession in 1954 along with prostitution. Today the legal profession is enjoying a comeback.

Two Paths to Reform, Soviet and Chinese

Less than a decade after Deng initiated some of the most profound reforms in the history of communism, General Secretary Mikhail S. Gorbachev announced a fundamental transformation of the Soviet system. How do the two countries' approaches to reform and modernization compare?

China's drive to modernize is based on the concept that economic reform must be accomplished before the country can afford the luxury of political and social liberalization. The Soviet Union, on the other hand, has made fundamental political and social change a precondition of economic change, in the belief that switching to a more market-regulated economy will not be successful if the government, party and masses do not support it.

At first glance, the two Communist giants seem to have a lot in common. Both systems were founded on Marxist-Leninist doctrine and governed by the Stalinist model of centralized planning and authority, state ownership of the means of production, collectivized agriculture, and political and cultural repression. The Soviet Union, after 70 years of communism, and China, after the first 30, were aware that they were losing the development race to their non-Communist neighbors.

When China embarked on its economic reforms in 1978, it was still feeling the aftershocks of the Cultural Revolution. The reforms were championed largely by people who had driven out the Nationalists in 1949, many of whom had suffered because of the excesses of Mao's political upheavals, and who shared a traditional fear of chaos and losing control. Consequently they approached political reform with caution. Thus economics, not politics, led China's reform process.

The Soviet Union, unlike China, has experienced a fairly stable political history since Stalin's purges in the 1930s. Communism has been practiced in the Soviet Union for almost twice as long as it has been in China. While both political systems are encumbered by an excessively bloated bureaucracy, the Soviet Union's is older and more firmly entrenched.

Gorbachev has given political reform priority because he sees it as the key to all other changes, including reversing the decline of the economy, which, in contrast to China's, has been gradual. He is also trying to broaden international political channels that may lead to economic benefits later and to establish glasnost at home with the hope of generating popular support for restructuring the economy. The limited economic reforms that Gorbachev has introduced since 1985 have not been as successful as China's because of bureaucratic resistance and popular opposition. The Soviet people as a whole have grown accustomed to their undemanding, secure state jobs, and older citizens see a lesson in the fate meted out by Stalin to Lenin's New Economic Policy in the 1920s, when some sectors of the economy were opened to free enterprise. Stalin abolished the NEP, collectivized agriculture and liquidated those farmers who resisted. Millions died during collectivization and the ensuing famine of 1931–32.

The Communist party has become increasingly tolerant of religion and of experimentations with Western art, fashion and music, but it is not always comfortable with the pace and direction of cultural reform. As recently as 1983 the government launched a short-lived campaign against "spiritual pollution" to limit foreign cultural influence. Possibly the most serious political challenge to the reformist leadership was the antiliberalization campaign which forced Hu's resignation in 1987.

Despite Deng's infusion of younger, more-liberal leaders into the party and government, many of the old guard still wield influence and act as a brake on the pace of change.

Human rights

Two other problems that could obstruct or even reverse the progress reformers have made are demands for a more rapid rate of reform and improvements in the status of human rights.

In March and June 1988, over 1,000 protesters called for democracy, a free press, recognition of basic human rights and changes in the educational system. They also criticized government corruption. Party leaders worry that rapid political change could get out of hand, but they are also aware that if the pace is not quickened, dissent could escalate.

Political reform raises the question of human rights, including the issue of Tibetans, a national minority demanding autonomy. Located in southwest China and twice the size of France, Tibet is estimated to have a population of around 2 million, of whom 73,000 are ethnic Chinese. Tibetans have a strong ethnic identity, Buddhist beliefs and their own form of government. Since it brought Tibet under military control in 1950–51, China has tried, at times brutally, to impose its will on the Tibetans, with very little success.

Human rights abuses gained international attention when particularly violent rioting broke out in Tibet in October 1987 to protest the arrest of 27 monks who were calling for autonomy. The police quickly put down the uprising, but only after eight Tibetans and six Chinese police were killed and 600 Tibetans were arrested. (Tibetan casualty estimates are higher.) Tourists and the press were temporarily restricted from entering the region. New outbreaks were reported in March 1988 when thousands of Tibetans stoned Chinese police and burned buildings. The conflict raised questions abroad about China's treatment of its 53 other minority groups.

China's evolving foreign policy

CHINA IS PURSUING dual foreign policy objectives: independence and interdependence. The result is a pragmatic, flexible foreign policy that is marked by strong security relations with neither the U.S. nor the Soviet Union. Zhao has said that China is guided by "economic diplomacy": it desires a peaceful and stable international environment so that it can concentrate on its modernization drive.

An independent status in the global community is important to the PRC because it wants to be perceived as a country that is strong enough to stand on its own two feet and that is capable of providing regional and international leadership. At the same time, it sees the necessity of interdependence with other countries in order to expand its economic opportunities.

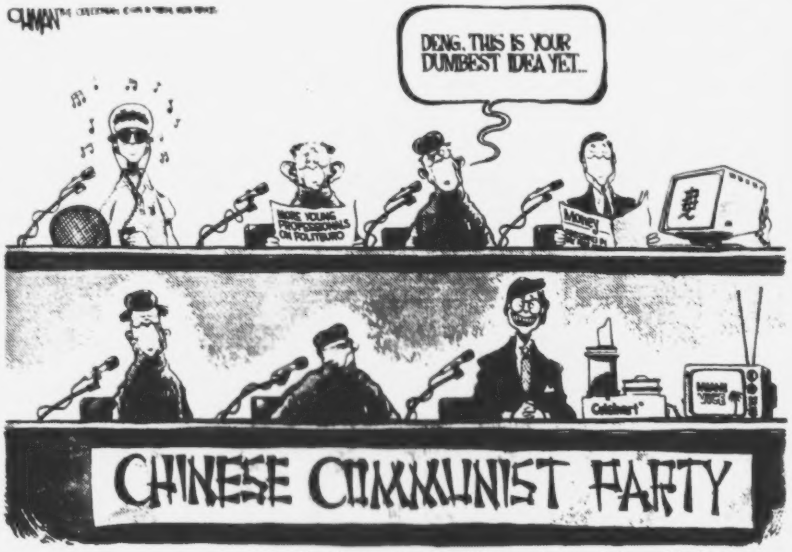
This independent yet interdependent policy is exemplified by China's increased participation in the international community. Since 1980, China has joined the International Monetary Fund, the World Bank, the Asian Development Bank and the International Atomic Energy Agency, and it has said that it is willing to have the latter inspect its nonmilitary nuclear installations. In 1986 China applied for membership in the General Agreement on Tariffs and Trade (GATT); its application is still under review. Senior officials have traveled the globe in the past few years establishing or strengthening diplomatic ties.

China's growing nuclear capability is another example of its push toward independence. Since the PRC detonated its first atomic device in 1964, it has developed a triad of nuclear weapons (land, sea and air) with impressive efficiency and faster than any of its predecessors. By the late 1970s it had surpassed France and Britain to become the world's third largest nuclear power.

'Three obstacles'

Despite a considerable improvement in Sino-Soviet relations in the 1980s, the PRC sees the Soviet Union as still the greatest threat to its security. This is based on the Chinese premise that the Soviets have tried to encircle China by land—in Mongolia, Afghanistan, India and Vietnam—and along the coast. Deng has cited three obstacles to normalized relations with the Soviet Union: the presence of Soviet troops in Afghanistan, more than 400,000 Soviet troops along the 4,500-mile border the two countries share, and the presence of Vietnamese troops in Cambodia. There are signs that progress is being made on all three of these issues. The Soviet Union pledged in 1988 to withdraw all of its 100,000 troops from Afghanistan by February 15, 1989, although it temporarily suspended the process in November, citing continued attacks by U.S.-armed Afghan rebels. It has removed an undisclosed number of its troops along the border in Mongolia. And the Vietnamese are negotiating a settlement of the Cambodian war that would include the withdrawal of their 120,000 troops. They have pledged to remove the first 50,000 in 1989.

There are other signs of the thaw in Sino-Soviet relations. Since 1982 China and the Soviet Union have held frequent low-level talks that have led to trade between the two countries (estimated at $2.6 billion in 1987) and cooperation on a number of scientific, diplomatic and economic issues. Negotiations on the border issue resumed in 1987 and continued through 1988. In December 1988, Foreign Minister Qian was scheduled to go to Moscow—the first working visit by a foreign minister since 1956. The trip was expected to pave the way for a summit meeting. China has also recently improved its relations with a number of Soviet-bloc countries in Eastern Europe, particularly Poland, East Germany and Hungary.


OHMAN
DENG, THIS IS YOUR DUMBEST IDEA YET...
MORE YOUNG PROFESSIONALS ON POLITBURO
Money
CHINESE COMMUNIST PARTY

By Ohman. Reprinted by permission, Tribune Media Services.

There are still a number of important issues that limit China's interest in a full-fledged rapprochement with the Soviet Union. The unresolved border disputes, regional conflicts that continue to fuel the PRC's perception of Soviet encirclement, a growing rivalry between the two countries for preeminence in Asia, and China's commitment to good relations with the West—so crucial to its plans for modernization—are all factors that make it difficult if not impossible to establish a well-defined relationship. In negotiating with the Soviet Union while maintaining relations with the West, China appears to be hoping for greater independence in its foreign policy.

A special relationship

China's economic relations with Japan continue to be strong; one fifth of its trade in 1987 was with Japan. China is interested in obtaining advanced technology, capital investment and long-term government and other loans from Japan but is worried about its large trade deficit with that country.

China's relationship with Japan is different from its ties with other major powers. Despite centuries-old cultural links, there are historical political tensions. The Chinese harbor resentment of Japan as an expansionist power which invaded their territory in the first half of this century. A callous remark in 1988 by a Japanese cabinet minister that Japan's invasion of China in the 1930s and the massacre of villagers in southern China in World War II were defensive provoked a furor.

While Japan does not pose any security threat to the PRC at present, China is worried about Japan's military potential and was disturbed by its decision, under U.S. pressure, to increase its defense spending slightly above its self-imposed 1% GNP limit.

One of the more surprising trends in China's foreign policy in this decade has been the opening up of economic ties with South Korea. In the past, China gave unequivocal support to North Korea. It still does not officially recognize South Korea for fear of losing its limited influence in North Korea to the Soviet Union. But as economic interests begin to grow, China sees the potential for trade with South Korea as too great to pass up. South Korea is setting up a trade office in China, and about 50 South Korean companies already have established trade and investment ties. In 1987 two-way trade was estimated to exceed $2 billion, more than China's trade with North Korea. China's participation in the 1988 summer Olympics in Seoul also helped to bridge the political distance between the two countries.

The U.S. connection

Since the 1970s, China's relationship with the U.S. has evolved into a dynamic and growing one. When Mao and President Richard M. Nixon met in Beijing in 1972 to lay the basis for normalization of relations, both leaders were primarily concerned with countering the Soviet threat. Since that time relations have broadened and deepened as economic, cultural, scientific and technological ties have come to play a greater role. Sino-American relations now rest on this broad foundation. China relies heavily on the U.S. for trade, capital and technology. The U.S. is China's fourth largest trading partner. Both countries' leaders have exchanged official visits, including President Ronald Reagan's ground-breaking trip in 1984, his first to a Communist country. Since 1981, China allegedly has provided the U.S. with intelligence-gathering facilities near the Soviet border. The U.S. has sold the PRC limited amounts of military hardware and technology. Included in these sales were advanced avionics to upgrade Chinese-built F-8 jet fighters and technical assistance for modernizing a large-caliber artillery plant. China would like to continue buying U.S. arms and technology (and is likely to continue sharing intelligence regarding the Soviet Union). It is strongly opposed to U.S. military sales to Taiwan (see box on p. 54).

The Chinese are worried about the rise of protectionism in the U.S., in particular the trade bill passed in July 1988 by the U.S. Congress and signed into law by the President. This bill strengthens U.S. power to retaliate against unfair trading practices. The PRC is particularly worried about a special clause pertaining to countries with state-controlled trading systems that want to join GATT. This clause states that before the U.S. votes on the application of a major power to join GATT, the President must determine whether the applicant's state-owned enterprises unfairly tax or restrict U.S. foreign trade. The PRC believes that the trade bill ignores the interests of developing countries and furthermore it violates the very purpose of GATT.

The Taiwan Question

The reunification of mainland China and the province of Taiwan has been a major objective of the PRC since 1949. For Beijing, the continued existence of the Republic of China on Taiwan is an affront and a reminder of an unfinished civil war. Both governments claim to be the legitimate rulers of China, of which Taiwan is an integral part.

The PRC has tried unsuccessfully to bring Taiwan to the negotiating table. In early 1979, Deng announced that one of his government's primary tasks was reunification, and in September Beijing proposed making Taiwan a "special administrative region," with its own economic, political and social systems, its own army and its own foreign relations. The policy became the model for the joint Sino-British declaration of 1984 providing for the return of Hong Kong to China in 1997 and for a subsequent agreement with Portugal for the return of Macao. Beijing has tried unsuccessfully to convince Taiwan to accept a similar "one country, two systems" formula.

Taiwan's leaders reject the idea on a number of grounds. They note that the PRC has refused to rule out the use of force to reunify Taiwan and the mainland. Secondly, they believe PRC promises lack credibility. The PRC agreed not to interfere in Tibet's affairs in 1951. By 1967 China had taken control of Tibet's banks, mass media and security bureau and brought the region under strict Chinese control. Taiwan suspects that Hong Kong and Macao, under the "two systems" arrangement, may suffer a similar fate.

Despite Taiwan's reservations, the PRC and Taiwan have recently made great progress in the areas of social and economic exchange. The PRC has given Taiwanese businesses considerable access to its market, has reduced the number of restrictions on investment and has simplified application procedures for establishing enterprises on the mainland. The PRC has also respected the anonymity of Taiwanese businessmen so that they may protect their interests at home. Trade between the PRC and Taiwan almost doubled in 1987, to $211.5 million.

These improved relations are due in part to friendly overtures by Taiwan's late president, Chiang Ching-kuo. He allowed Taiwanese to visit the mainland in November 1987 for the first time since 1949. Some 100,000 Taiwanese have visited since 1987. Chiang died in January 1988, and his successor, Lee Teng-hui, the first native Taiwanese to become president, has further relaxed restrictions on mail, trade and visits.

The biggest threats to this new spirit of *détente* are Taiwan's continued purchases of U.S. arms and a political backlash in Taiwan by those who oppose any ties with the PRC. Though Taiwan has softened its policy toward the PRC, it is not even close to discussing reunification with the present government in Beijing.

The U.S. and Taiwan

The Taiwan issue remains a major source of friction between the U.S. and the PRC, but for the past two decades they have agreed to disagree. In the Shanghai Communiqué issued at the end of the Nixon visit in 1972, the U.S. acknowledged the existence of one China and Taiwan's status as a province of China, and reaffirmed its interest in a peaceful settlement of the issue through negotiations between the Chinese themselves.

These points were repeated in December 1978 when the U.S. and the PRC announced the establishment of diplomatic relations as of January 1, 1979, but there was one important addition. In the joint communiqué of January 1, the U.S. stated that while it was severing official relations with Taiwan, "the people of the U.S. will maintain cultural, commercial and other unofficial relations with the people of Taiwan."

Although many people felt the normalization of relations with the PRC was long overdue, a sizable group of influential citizens felt the U.S. had callously sacrificed a loyal anti-Communist ally. At their urging, Congress passed the Taiwan Relations Act in April 1979, which promised, among other things, to provide Taiwan with defensive arms. Beijing strongly objected and warned the act would stand in the way of better relations with Washington.

The U.S. sale of military equipment to Taiwan remains a sore point. In August 1982 the U.S. said it would gradually reduce sales of arms to Taiwan and that it had no intention of interfering in China's internal affairs. In this way the U.S. has managed to preserve its relationships with both governments.

The bill could intensify trade frictions.

The U.S. values its good relations with China, which have been fostered by economic ties, by the perception of a modernizing China intent on reform, by the recognition of common strategic interests in Afghanistan and Cambodia and the preservation of peace in the Korean peninsula, and by increased cultural links. American direct private investments totaling more than $1.5 billion in China are an indication of the opportunities businessmen see for tapping into a major source of low-cost manufactured goods for the U.S. market, as well as into China's own large market.

Sources of contention

The U.S. and China's disagreements center on China's human rights policy, its arms sales policies and the use of abortion in carrying out its one-child policy. Congress has been particularly upset over China's handling of Tibetan protests. The Senate voted unanimously to condemn China for its treatment of Tibetans, and the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989, called on the U.S. to urge the PRC to release all political prisoners in Tibet and make the treatment of Tibetan people "an important factor in its conduct of relations" with China.

Congress also suggested that the U.S. consider granting asylum to Chinese students studying in the U.S. who request it. It condemned China for its treatment of Yang Wei, a Chinese student active in promoting democracy in 1986–87. China assured the State Department that Yang would receive a fair trial. Instead the trial was conducted secretly and Yang was imprisoned. Wu Xueqian, China's foreign minister at the time, said that China and the U.S. "have a different conception of human rights," which implied that the U.S. should stay out of China's domestic affairs.

A second issue is China's sales of arms, which totaled $5.2 billion between 1984 and 1987. The U.S. first objected to China's arms sales when it suspected the PRC had sold Silkworm missiles to Iran, then threatening international shipping in the Persian Gulf. After pressure from the Reagan Administration, China stated it had taken steps to ensure that further antiship missiles did not reach Iran through the international arms market. But in March 1988 China sold an undisclosed number of intermediate-range CSS-2 "East Wind" missiles to Saudi Arabia and negotiated with Syria over potential sales of short-range M-9s. The U.S. is worried about the destabilizing effect the additional arms will have on the Middle East and has made clear its displeasure to China.

Finally, China's forced abortion policy continues to be a source of controversy. When the Justice Department granted political asylum to three Chinese couples in August 1988 who expressed "a fear of persecution upon return...because they refuse to abort a pregnancy or resist sterilization...," China's foreign ministry responded angrily, stating that "there is no such thing as Chinese citizens being subjected to persecution for unplanned childbearing."

U.S. policy options

While there appears to be considerable bipartisan support for the growing ties between the U.S. and China, the two countries have their differences. How should the U.S. deal with the human rights issue, for example? Should American policymakers try to influence China to change its policies ?

Some observers argue that the U.S., as a major world power and defender of human rights, has a responsibility to aid people everywhere whose basic human rights have been violated.

January 1987: Protesting Beijing University students burn official newspaper.

Other observers disagree, noting that the U.S. should not impose its concept of human rights on those who may hold different views. Moreover, U.S. interference in China's domestic affairs would justifiably antagonize the PRC government and jeopardize a mutually beneficial relationship without accomplishing its stated goals.

Strategic relations

Should the U.S. strengthen its strategic and security ties with the PRC? Those who favor such a course state that China makes a vital contribution to U.S. strategic interests by serving as a counterweight to Soviet influence in Asia. Furthermore, because China has excellent credentials among many Third World countries, a strengthening of Sino-American cooperation on security issues would enable the U.S. to draw closer to those Third World countries. Thus, it is argued, the U.S. should strengthen its security ties to China by expanding military and technical assistance.

Others disagree on the grounds that China's domestic and foreign policy goals, especially its relations with the Soviet Union, are still uncertain. Although improved military capability could improve China's ability to counter Soviet incursions along the Sino-Soviet border, it would not give China any real offensive capability against the more powerful Soviet forces. Moreover, there is strong opposition from U.S. allies in Southeast Asia to such a course and concern at home that China may transfer U.S.-supplied arms and advanced technology to those nations with whom the U.S. does not have friendly relations. For these reasons, it is argued, the U.S. should approach strategic and security relations with China with great caution.

Economic ties

Should the U.S. continue to strengthen economic relations with China? There are those who believe that this is a time to hold back and take stock, since the recent economic reforms in China have created an unstable environment. The financial system is in disarray, with an uncontrolled growth of the money supply and severe inflation. Such an atmosphere has made the profitable involvement of U.S. companies in China questionable for the time being.

Others, who have closely followed China's development, disagree. As the PRC continues to move toward a more market-oriented economy, good economic relations are increasingly valuable for both countries. It is in the U.S. self-interest to expand this relationship and take advantage of the great opportunities that China's expanding, export-oriented economy offers U.S. investors and businesses. China's successful handling of the 1985–86 trade deficit and its current moves to slow development and curb inflation are proof that the economy is in cautious and capable hands. A growing and prosperous economy is not only in China's interest but in the interest of its neighbors and friends.

Opinion Ballot
on page 94

FOR DISCUSSION

1. Do you think China's current economic reform program will make it a strong economic partner or a dangerous economic rival of the U.S.? How do you view the future of U.S.-Chinese relations?

2. Does China have some lessons to teach the Soviet Union about economic reform and restructuring? What are they?

3. What is the likelihood that China's economic reform program will lead to political liberalization? Can economic reforms succeed without movement toward greater political freedom?

4. How do you feel about China's one-child population policy? Is it necessary? Can it succeed without rewards and penalties? Is China's population policy a legitimate concern of the U.S.? Should the U.S. encourage, discourage or not interfere in China's population policies?

5. The Taiwan issue remains a major stumbling block to improved relations between the U.S. and the PRC. Should the U.S. maintain its long-standing friendship with Taiwan? Or should it nurture a more fruitful relationship with the PRC and cut off military sales to Taiwan?

6. Although U.S. controls have gradually been liberalized, some American high-technology exports to the PRC are still restricted on national security grounds. Should all controls be lifted? Or should some controls that have been removed, for example on large mainframe computers, be reinstated? Why does the U.S. permit the export of mainframe computers to the PRC but not to the Soviet Union?

7. The U.S.S.R. has been making considerable progress toward the elimination of the PRC's three obstacles to normalized relations, and a summit meeting is likely sometime in 1989. Why is the Soviet Union pursuing better relations with China? Are better relations in China's interest? How would a Sino-Soviet rapprochement affect the U.S.?

8. How could the U.S. and China resolve their differences on the issue of human rights? Are there human rights that are universal?

SUGGESTED READINGS

Feintech, Lynn Diane, "China's Four Modernizations and the U.S." **Headline Series** No. 255. New York, Foreign Policy Association, August 1981. 72 pp. $4.00. The author analyzes China's reentry into international trade and financial relations and the future U.S. role.

"Focus: China '88." **Far Eastern Economic Review,** March 24, 1988, pp. 49–89. A special section on China's reforms.

Goldman, Marshall I., and Goldman, Merle, "Soviet and Chinese Economic Reform." **Foreign Affairs** Vol. 66, No. 3 (America in the World 1987/88), pp. 551–73. A comparison of the efforts of Deng Xiaoping and Mikhail Gorbachev to implement reforms.

Goldstein, Steven, and Mathews, Jay, "Sino-American Relations After Normalization." **Headline Series** No. 276. New York, Foreign Policy Association, November/December 1985. 64 pp. $4.00. The authors discuss several dimensions of Sino-American relations and offer insight into the possible direction of this relationship in the 1990s.

Harding, Harry, **China's Second Revolution: Reform After Mao.** Washington, D.C., The Brookings Institution, 1987. 369 pp. $12.95 (paper). A comprehensive analysis of Deng Xiaoping's sweeping economc and political reforms.

Kane, Anthony J., ed., **China Briefing, 1988.** Boulder, Colo., Westview Press in cooperation with the China Council of The Asia Society, 1988. 179 pp. $14.85. Excellent background articles edited by the director of the China Council.

"The People's Republic of China, 1988." **Current History,** September 1988. The entire issue is devoted to China, its domestic and foreign policies.

Roy, J. Stapleton, "China: Reform and Future Prospects." **Department of State Bulletin,** December 1987, pp. 51–54. Statement by the deputy assistant secretary of state for East Asian and Pacific affairs before the Senate Foreign Relations Committee.

Salzman, Mark, **Iron and Silk: In Which a Young American Encounters Swordsmen, Bureaucrats and Other Citizens of Contemporary China.** New York, Random House, 1986. 224 pp. $16.95. An entertaining and insightful account of an American teacher's experiences in China.

Zhang Xinxin, **Chinese Lives.** New York, Pantheon Books, 1987. 368 pp. $18.95. An intriguing portrait of life in modern China.

For further in-depth reading, write for the Great Decisions 1989 Bibliography (see page 4).

ILLUSTRATION CREDITS: pp. 47 and 55, AP/Wide World Photos.

6.

FARMERS, FOOD AND THE GLOBAL SUPERMARKET

Those who till the soil are the chosen people of God.

—Thomas Jefferson

THE 1980s HAVE brought difficult times to farmers around the globe. Overproduction, especially in the U.S. and Western Europe, has kept world food prices low and aggravated competition for international markets. Cooperation on food trade issues now seems harder than ever to achieve. Governments are reluctant to make concessions that might endanger their share of world markets, their country's perceived food security, or their farmers' incomes. Meanwhile, farmers have become increasingly dependent on price supports and other expensive subsidies for their livelihood.

The paradox in the food-production equation is that as surpluses have grown, so has hunger worldwide. According to the World Bank, as many as 700 million people now suffer from hunger, due largely to poverty, war and revolution, inadequate food distribution systems, inefficient government policies and severe weather conditions in some parts of the world.

Some developing countries that are struggling to feed their populations are themselves exporters of agricultural products. In 11 out of 21 low-income African nations, farm products account for up to 100% of all exports. These countries have often concentrated on producing crops such as peanuts and pineapples for the international market rather than traditional foods such as sorghum and cassava for domestic consumption.

In the U.S., vast resources, state-of-the-art technology and a long-standing commitment by the government to provide reasonably priced and plentiful food have combined to make agriculture (including farming, food processing, distribution and sales) one of the largest and most efficient sectors of the economy. Agriculture is the only industry represented by a Cabinet-level position. Though farming alone accounts for just 3% of the country's gross national product (GNP), agriculture as a whole accounts for nearly 18% of the GNP and employs over 8 million people, more than the steel and automobile industries combined.

Women harvest wheat using age-old techniques in Madhya Pradesh, India.

Trouble on the farm

Agriculture—especially farming—has always been a risky business. During the early 1980s, high interest rates and low food prices sparked one of the worst crises in recent history for U.S. farmers. Many farmers who had borrowed heavily to buy more land and equipment in the 1970s were suddenly unable to service their debts. The resulting farm foreclosures, business losses and bank failures sent shock waves through rural America.

Last summer, the worst drought in 50 years parched the crops and baked the soil of farmers in parts of the U.S., Canada and Mexico. For over seven months, large portions of the U.S. received little or no rain, and by August, the mighty Mississippi River had reached its lowest level since record keeping began in the late 1800s. Production of corn was nearly 40% less than the previous year and the soybean crop was down by one fourth. In Canada, grain production fell by a third in 1988; in Mexico, one fifth of the wheat crop and nearly half of the soybean crop were lost.

The contrasts of the 1980s—overproduction in some parts of the world, famine in others—have brought into focus such issues as trade, the environment, hunger, and food and development aid. In recent years, the U.S. has struggled to balance the needs of its farmers with the necessity of addressing these domestic and international problems.

Today's farm policies are still largely dominated by legislation drafted more than 50 years ago. The Agricultural Act of 1981 failed to reduce the costly farm subsidy programs which were originally mandated under the Agricultural Adjustment Act of 1933. The most recent farm bill, the Food Security Act of 1985, which cut price-support levels but boosted cash subsidies, has reduced surpluses and is slowly aiding in regaining export markets. But its costs (over $25 billion in 1986 alone) made it the most expensive farm legislation in U.S. history. As Senator Robert J. Dole (R-Kans.) once noted, during his more than quarter century in the U.S. Congress "there has always been a farm problem."

The global supermarket

In the U.S., as in most countries, farm programs have traditionally been driven by domestic rather than foreign policy needs. Providing affordable and plentiful food for U.S. consumers and adequate incomes for U.S. farmers has generally taken precedence over international concerns such as promoting trade.

Nonetheless, the fate of the American farm has become directly tied to the global economy. In the early 1970s, when worldwide food trade was expanding at the rate of 10% a year and demand for U.S. farm products abroad skyrocketed, Secretary of Agriculture Earl L. Butz is said to have encouraged farmers to "plant fencerow to fencerow" and thus fulfill what was seen to be America's destiny as "breadbasket to the world."

By the early 1980s, one acre out of three was being farmed for the export market; half of the soybeans and three fifths of the wheat grown in the U.S. were sold abroad. Some states became more heavily dependent on exports than others. Kansas, for example, sells up to 80% of its wheat internationally. "Without exports," says Kansas State University economist B.L. Flinchbaugh, "there would be a lot more people out of business."

Despite this country's continuing dominance in agricultural trade, the food-production equation is changing rapidly for the U.S. World food output has reached levels never before thought possible, making competition for global markets keen. Many previous customers for U.S. farm products are now important exporters themselves.

Following World War II and throughout the 1950s, for example, Western Europe was a major importer of U.S. food and feed grains. Today, the European Economic Community (EEC, or Common Market)—which includes Belgium, Britain, Denmark, France, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and West Germany—though still a large importer, is the world's second largest producer and exporter of farm goods.

In 1992, the EEC is scheduled to complete the integration of its economies into a single internal market. This may eventually include Eastern Europe and even the U.S.S.R.—a market of over 700 million people. Because of its size, economic integration is certain to make Europe an even more formidable competitor. Other major food exporters among the industrialized countries include Canada (the world's second largest wheat exporter), Australia and New Zealand.

Cash crops

It is in the Third World that the most startling changes in food production and trade have taken place. During the "boom" years of the 1970s, when the world economy experienced spectacular growth, newfound wealth from oil revenues and bank loans stimulated local economies, creating a demand for more food and a more nutritious diet in many Third World nations.

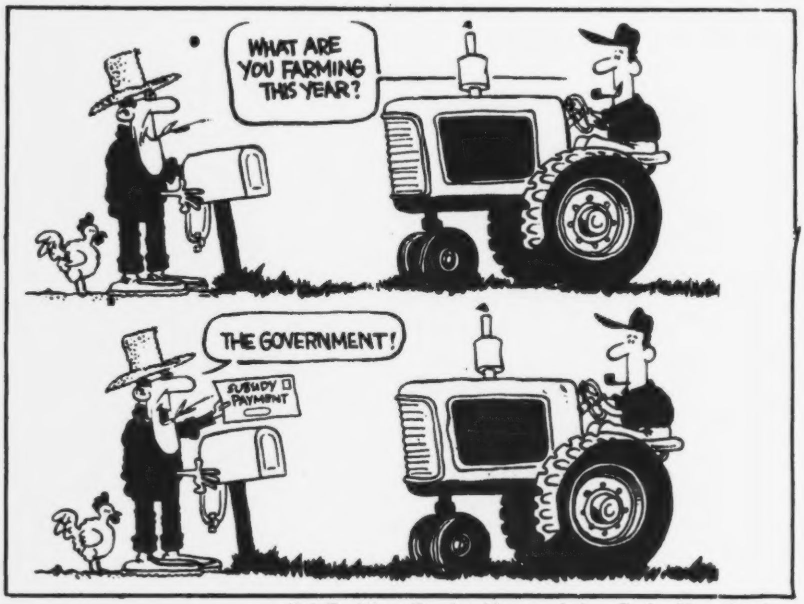
Most of these countries could not expand agricultural production fast enough to keep up with the growing demand. Governments in Africa, Asia and Latin America looked to the U.S. and other industrialized nations to help satisfy their food needs. From 1970 to 1980, exports to the Third World accounted for more than 30% of all U.S. agricultural trade.

In the early 1980s, however, demand for U.S. farm products in the Third World fell sharply. This was due to the high price of U.S. products compared with those of other producers, the worldwide recession and the heavy indebtedness of many Third World governments, especially in Africa and Latin America. Third World countries simply could no longer afford massive imports of U.S. food (see Topic 3).

To improve their balance of trade and earn much-needed foreign exchange, many of these countries turned to growing crops such as soybeans, wheat and other grains exclusively for export. Because they can be sold on the international market, these commodities are known as cash crops, as opposed to food crops, which are generally raised for domestic consumption.

Brazil, for example, already the world's number one producer of soybeans, is preparing an additional 271 million acres (half as much as the total acreage under cultivation in the U.S.) to grow wheat, corn and more soybeans. India, the world's largest food-aid recipient during the 1960s and 1970s, has occasionally been able to export as much as $1 billion worth of wheat in recent years; Thailand is now the world's second largest rice exporter; and even China, with its enormous population of over 1 billion, is managing to produce surpluses of certain crops. In 1988, growing demand led to record levels of global trade in grain. The U.S. alone sold more than 40 million tons, up from 27 million tons in 1987.

Many economists believe that a chief cause of the world's agricultural production and trade problems is the subsidy programs that the industrialized countries have developed to maintain farm incomes and keep their agricultural products competitive on the global market. According to the World Bank, such programs now cost taxpayers and consumers about $150 billion a year worldwide.


WHAT ARE YOU FARMING THIS YEAR?
THE GOVERNMENT!
SUBSIDY PAYMENT

Bob Englehart. Reprinted by permission. Copley News Service.

Subsidy wars

Most Third World nations lack the funds necessary to support farm production. Instead, to provide inexpensive food for city workers, many have chosen to subsidize consumers indirectly by requiring farmers to sell their products at below market rates. This in effect "taxes" farmers by limiting their profits and thus discourages farm production. Consumer subsidies are generally seen as a major reason for the lack of food self-sufficiency in the developing world, especially in Africa.

In the industrialized non-Communist world, farm subsidies take on a variety of forms. The most common include price supports and, as in the case of Japan, import restrictions. Regardless of the market value of a certain crop, the government guarantees that farmers will receive a set price for it. Since income is determined by harvest size, farmers are tempted to produce more than the market can bear. In 1987, for example, the U.S. government paid farmers $3.00 a bushel for corn that sold for around $1.50 a bushel on the open market. The more corn a farmer grew, the bigger subsidy check he or she received.

Production-oriented farm subsidies have led to periods of enormous food surpluses. In 1986, according to a report by the United Nations Association of the U.S.A. (UNA-USA), the U.S. had accumulated enough wheat to produce 27 loaves of bread for every man, woman and child on earth. Since then, production cutbacks and poor harvests have caused surpluses to shrink by more than two thirds.

Because subsidy programs disrupt global prices and production trends and are seen as a hindrance to international trade, the world's principal trading partners are often said to be battling each other in so-called subsidy wars. According to an Organization for Economic Cooperation and Development (OECD) study, Japanese farmers—by far the most protected in the industrialized world—receive an average of 72% of their income from government subsidies; in the EEC, farmers get 33% of their income from the government; those in the U.S., 27%; and those in Canada and New Zealand get about 23%. In Australia, which gives the lowest subsidies of any industrialized nation, only 9% of a farmer's income is provided by the government.

'Farming the government'

Supporters of government farm programs claim that they are necessary to provide price and supply stability to an inherently unstable sector of the economy, to assure adequate supplies of food at reasonable prices and to slow the decrease in the number of farms. Critics of the programs argue that subsidies not only distort market prices and create large and unnecessary surpluses, but that they also promote inefficiency and are costly to maintain.

Though only about 60% of all U.S. farms produce price-supported crops and many of those with the highest net worth do not receive any government payments, a U.S. Department of Agriculture (USDA) study has shown that the average U.S. taxpayer, with a net worth of around $33,000, pays to support the average U.S. farmer, with a net worth of nearly $190,000. Economists estimate that the removal of worldwide price supports and other subsidies would increase world farm prices by only 10%, provide $26 billion a year more in farm income for Third World countries, and reduce food prices in the industrialized countries.

Proponents of farm subsidies claim that these government programs should be judged on their social as well as their economic value. In the EEC—where farmers were recently paid 18 cents a pound for sugar that was worth only 5 cents a pound on the world market—fears of trade embargoes and food shortages, such as those suffered during and after both world wars, have made governments protective of their farmers. What's more, Europe's 9 million farmers (more than four times the 2.2 million in the U.S.) constitute important voting blocs in their respective countries. In Japan, pride in local production, the cultural importance of rice and concern for food security cause the government to pay farmers nearly $2,400 a ton to produce rice it could buy from the U.S. for $225 a ton.

Those who favor subsidies concede they are expensive, but they point out that food costs to consumers have nevertheless declined steadily over the last two decades. The percentage of income spent on food by consumers in the industrialized countries is at an all-time low, just 24% in Japan, 20% in the EEC and 16% in the U.S. and Canada.

Government subsidies have become a way of life for many U.S. farmers. When the government supports farm income from corn at twice the market rate, for instance, it is nearly impossible for a farmer to say no to a subsidy payment. Banks, in fact, often require participation in a government program as a prerequisite for granting farm loans. Farmers cynically refer to their addiction to subsidies as farming the government, not the land.

GATT negotiations

International cooperation in eliminating obstacles and expanding agricultural trade has been difficult to achieve, despite its importance to farmers and consumers everywhere. The U.S. and other governments have traditionally viewed agriculture as a special industry requiring unusual treatment and extraordinary protection. Because of this attitude, agricultural trade is encumbered not only by high farm subsidies but also by numerous other barriers, such as quotas, embargoes, quarantine regulations and health restrictions, largely imposed to protect domestic producers from foreign competition.

In the past, the U.S. and other major food exporters have successfully managed to exclude agricultural trade policy problems from talks under the General Agreement on Tariffs and Trade. GATT, as the agreement is commonly known, was established in 1947 to promote liberalized trade among participating countries (see GREAT DECISIONS 1988, Topic 3). Trade negotiations by GATT's 96 member countries tend to be long and drawn-out affairs. The current round of talks, for which the groundwork was laid in September 1986 at Punta del Este, Uruguay, is not expected to end for several years.

At Punta del Este the U.S. pushed successfully to have agricultural trade issues placed on the agenda. A year later the Reagan Administration startled other GATT members by proposing the elimination of **all** agricultural-trade-distorting policies—such as domestic price supports, export subsidies, tariffs and quotas—by the year 2000. The proposal reflected the general feeling of U.S. economists and policymakers that the high farm subsidies of the 1980s in the U.S. and other industrialized countries had gotten out of hand.

Though the U.S. proposal was withdrawn in November 1988 due to pressure from the EEC and Japan, most GATT members agree that some sort of compromise on agricultural issues is necessary. A coalition of 14 countries (led by Australia, Canada and New Zealand) known as the Cairns Group, after the Australian city where they first met, has long pushed for freer agricultural trade. New Zealand, in fact, has taken the unusual step of unilaterally reducing its trade barriers and price-support subsidies in the hope that other countries will follow its example.

At home, the Reagan Administration's agricultural trade initiative has been "supported" by some farm groups only because they do not believe it will ever be accepted by GATT's other members. According to Harvard University economist Robert L. Paarlberg, if the initiative is rejected, the farmers will be in a position to demand more trade protection from Congress, a move which could only exacerbate tensions between the U.S. and its major trading partners. Senator Patrick Leahy (D-Vt.), chairman of the Senate agriculture committee, has already said that Congress is prepared to pass a highly protectionist farm bill in 1990 if the current GATT talks do not produce a meaningful agreement on agricultural trade.

As economists C. Ford Runge and Steven J. Taff have noted, "Failure to make progress [in agricultural trade negotiations] will result in enormous costs to importers, exporters, producers, and consumers in the North and South alike."

New markets

In passing the 1985 farm bill, Congress and the Reagan Administration were betting that lower prices for U.S. farm products abroad would increase the U.S. share of the world food market. To a large extent, this gamble has paid off. U.S. farm product exports have made impressive gains since 1986, increasing by 32% over the past two years.

The export market, however, does have its limitations. Most countries produce and process almost all the food they consume. Only 11% of all farm products grown worldwide are traded internationally, and each year competition among food-exporting countries for a share of the market increases. Since food consumption tends to level off at about 3,000 calories a day per person, increasing U.S. exports to countries where food is plentiful will be difficult.

Many analysts believe that the biggest new market for U.S. farm exports lies in the Third World. After recovering from the recession of the early 1980s and as U.S. prices became more competitive, Third World purchases of U.S. farm products rose sharply, accounting for 58% of total U.S. agricultural exports in 1986 and 1987. Since debt problems continue to plague much of Africa and Latin America, most of this increase has been in sales to Asian countries. According to Luther Tweeten, a farm economist at Ohio State University, by the early 1990s, half or more of U.S. farm exports will be going to Asia.

One of the major potential Asian markets for U.S. farm products is China. Because of phenomenal economic growth, China's per capita consumption of grain has doubled over the past two decades. Although the country is attempting to achieve self-sufficiency in food production, its burgeoning population has all but made that impossible. By the end of the century, China expects to have 190 million more mouths to feed, and its wheat imports, according to International Wheat Council estimates, will be as high as 32 million tons a year—the equivalent of three fourths of the total U.S. exports for 1988.

Sales to the Soviet Union

Another important and growing market for U.S. grain is the U.S.S.R., where disastrous agricultural policies, artificially low food prices and poor weather conditions have caused such severe food shortages that rationing has had to be adopted at times in major cities. With a larger farm population than all the Western nations and Japan combined, the Soviets produce less than a fourth as much food and fiber.

To make up for production shortfalls, the Soviets have turned increasingly to the global market for their food needs. Over the last two decades, the U.S.S.R. has gone from being a net exporter of agricultural products to one of the largest importers of food in the world. Last October, General Secretary Mikhail S. Gorbachev unveiled plans to overhaul the country's 50-year-old farm strategy by dismantling collective farms in the hope of improving agricultural output.

Although the first U.S. grain sales to the Soviet Union occurred in 1963 during the Kennedy Administration, the U.S.S.R. did not become a major market for U.S. grain until 1972. That year, the Soviets bought nearly 15 million tons—more than a fifth of all the U.S. wheat available for sale. In 1975, the U.S. and the U.S.S.R. signed a five-year agreement, which called for the Soviets to purchase a minimum of 6 million tons of U.S. grain annually and for the U.S. to make a minimum of 8 million tons available to them each year.

After extending the original agreement for two years, a new five-year accord was negotiated in 1983, which set the minimum annual purchase at 9 million tons of grain. In eight of the past fifteen years U.S. sales to the Soviets have exceeded the annual minimum requirements.

Grain embargoes

Selling grain to the Soviets has always sparked controversy. In 1963 (the year after the showdown over Soviet missiles in Cuba), political opposition, led by such notable conservatives as Richard M. Nixon, and the insistence by organized labor that most of the shipping take place in U.S. cargo vessels, held wheat sales to less than half of their originally intended size. In the early 1970s, when the sales were thought to cause wheat shortages in the U.S. and thus higher food prices, consumer groups and labor leaders pressured the Nixon and Ford Administrations to place partial embargoes on exports of certain grains. During the presidential campaign of 1976, Midwestern grain producers supported Jimmy Carter because he made a point of promising there would be "no more grain embargoes."

Ironically, it was President Carter who felt obligated to embargo any grain shipments above the previously agreed 8 million tons to the U.S.S.R. in retaliation for the Soviet invasion of Afghanistan in December 1979. Had he not taken that step, it is estimated that the sales could have reached a record 25 million tons in 1980. The Soviets reacted angrily to the embargo but were easily able to find other sources, mainly Argentina, to satisfy all of their grain needs.

During the 1980 presidential campaign, the embargo cost Carter his Midwestern support and contributed to his losing the election. In the spring of 1981, under pressure from farm groups and believing that it was not having the desired effect of punishing the Soviets, President Ronald Reagan lifted the grain embargo.

Poverty and hunger

DESPITE GAINS IN farm production and the accumulation of surplus grains and other basic foods through the 1970s and 1980s, the specter of hunger still hangs menacingly over much of the world. In 1986, Africa faced one of the worst famines in human history. Some 210 million people, nearly half the continent's population, went hungry; of those, 30 million people in 20 countries were at risk of starvation.

Today it is realized that food production is only a small part of the world's hunger problem. Other aspects include poverty, poor distribution systems, war, rapid population growth, the loss of arable land, faulty or genocidal government policies and natural disasters such as drought and flooding.

According to the UN's *1988 State of the World Population* report, two thirds of the world's chronically hungry live in South Asia and one fifth in sub-Saharan Africa, many on land which

Hunger in a world of plenty: refugees waiting for relief supplies at a camp in Jijiga, Ethiopia.

can no longer support them by subsistence agriculture alone. For these people, the size of world grain supplies is of little importance. The vast majority lack the income to buy even the least expensive and most basic foods on the open market.

Some of the poorest Third World nations have traditionally used agricultural exports as a means for boosting their gross domestic product (GDP). Often, human and natural resources have been diverted from subsistence farming to the production of crops for foreign markets. In Guatemala, a country where 80% of the population suffers from nutritional deficiencies, 90% of the arable land is dedicated to such export crops as coffee, cut flowers and snow peas. In Senegal, one of the poorest of the sub-Saharan African nations, over half the cultivated land is devoted to growing peanuts for the European market.

In recent years, the trend toward growing export crops has slowed. As economist Paarlberg points out, in many African nations the production of cash crops is actually falling faster than that of food crops. The problem is not what they grow, but the fact that they are not investing enough in any type of agriculture. Also, notes Paarlberg, there is nothing wrong with cash crops if the profits they generate go back to small farmers, enabling them to buy better food. Instead, many governments misuse the profits by diverting them into nonproductive areas.

Even in the more prosperous developing countries absolute poverty prevents much of the population from satisfying its daily nutritional needs. In Brazil, which enjoys one of the highest per capita GDPs in the Third World, nearly 65% of all workers live below the poverty line and, according to some reports, up to two thirds of the population suffers from malnutrition.

Population growth

One major factor contributing to the conditions of poverty and hunger in many developing countries is their rapidly expanding populations. Between 1950 and 1985, the population of the Third World increased by more than 100%, growing from 1.7 billion to 3.7 billion. In contrast, during the same period the population of the industrialized world grew by 50%, from 800 million to 1.2 billion. According to the U.S. State Department, 90% of all future world population growth will occur in the Third World.

Bananas, an export crop that helps Third World nations earn foreign exchange.

Population control became a major international issue during the late 1960s. A decade later, 66 countries with 91% of the developing world's population had initiated policies or programs to promote family planning. These programs have met with varied degrees of success. Cuba, Singapore, South Korea and Taiwan, for example, have achieved "replacement-level fertility," with their birth and death rates nearly matching. China, too, has made enormous progress in population control, cutting its fertility rate by more than half over the past two decades. On the other hand, in Kenya—the first sub-Saharan African nation seriously to address family planning issues over 20 years ago—the birthrate is now the globe's highest.

Though once in the forefront in promoting worldwide family planning programs, the U.S. since the early 1970s has given little priority to population control. Under the Reagan Administration, opposition to abortion and the belief by government officials that population growth in itself is not necessarily detrimental to economic development led to a cutoff of U.S. support for such organizations as the International Planned Parenthood Federation.

Today, due to continued high birthrates in some countries, improved health care, reduced infant mortality and increased longevity, world population as a whole is still increasing by approximately 2% per year. This translates into 150 births every minute; or 220,000 every day; 80 million each year; and about 1 billion every 12 years. In Africa, the continent with the least-dense population overall but the most alarming growth rate, the population has been growing at a rate of 3% to 4% a year. At those levels of growth, many African countries are expected to double their populations in 25 years or less.

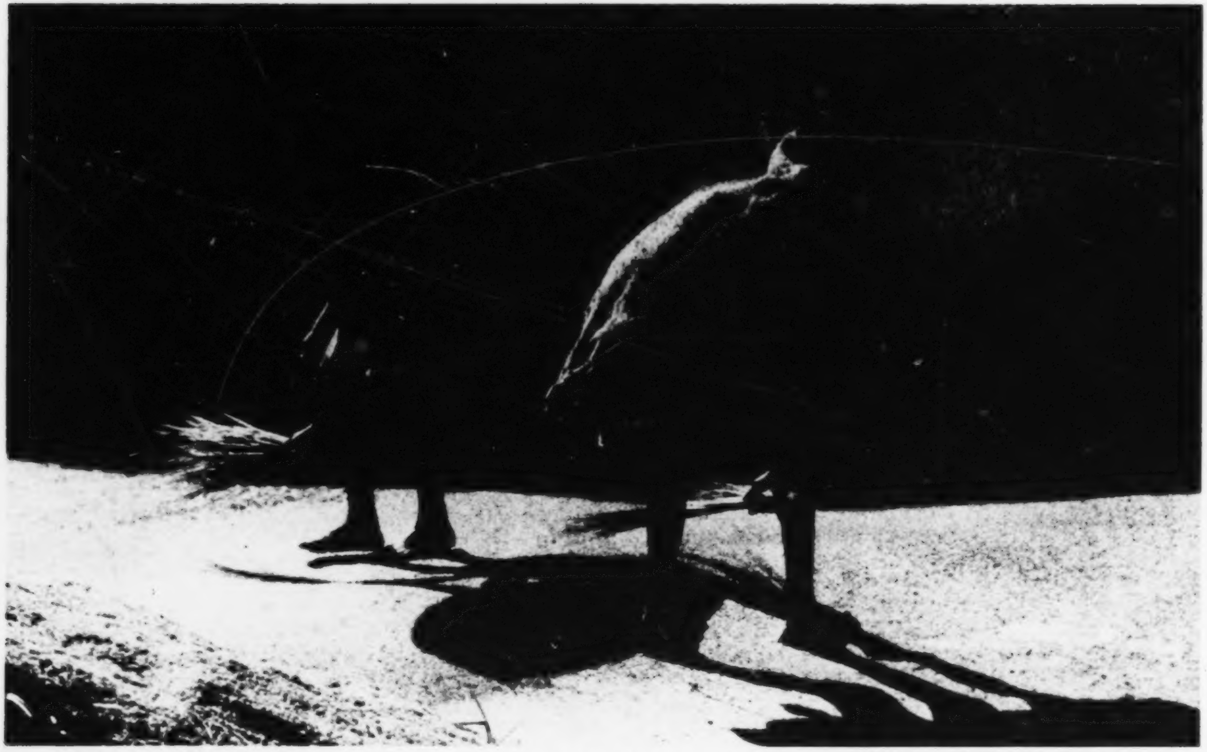
By the year 2000, the earth will be home to some 6 billion people. With most of this increase taking place in the Third World, the primary question is how the developing nations will produce the food or income necessary to feed their growing populations.

Feeding themselves

Some Third World nations, despite the difficulties they face, have made great strides toward becoming self-sufficient in food production. India's grain harvests, for example, have nearly tripled over the past 30 years, going from 51 million tons in 1950 to 135 million tons in 1988. By the end of this decade, the government of Prime Minister Rajiv Gandhi hopes to raise grain output by an additional 30%.

These impressive gains in India's food supply are the result of the Green Revolution, a multinational effort to intensify agricultural production in the Third World. In 1943, hoping to find a cure for chronic hunger, the Rockefeller Foundation sent a team of U.S. scientists to Mexico to study ways of increasing food production. From this early research came new plant hybrids capable of boosting per acreage yields of such important food grains as wheat and corn. By 1955 Mexico had doubled its wheat harvest, and in 1956 it became self-sufficient in food for the first time in its history as an independent state.

The Green Revolution soon spread throughout Latin America and Asia. In 1960, the Ford and Rockefeller foundations jointly created a research center in the Philippines devoted exclusively to



Three decades of the Green Revolution have borne an abundant harvest. Here, men winnow rice in southern India.

the study of rice. By 1966, scientists at the center began releasing the first of many "superstrains" of rice that were capable of producing higher yields and were more resistant to pests and disease than conventional varieties.

The new varieties of food grains readily adapted to modern methods of agricultural production. Whereas the older strains broke down under modern farming techniques, the new varieties, called semidwarf because of their size, were hardy enough to stand up to intensive chemical fertilization and mechanical harvesting. Because of their shorter growing season, many of the semidwarfs also allowed for two or even three crops a year. Thus, the Green Revolution not only changed what Third World farmers grew but also how they farmed.

The use of semidwarf plants brought dramatic results in global food production. New varieties now account for over half of all the rice and wheat grown in Third World countries. The average yield per harvested acre has climbed from less than half a ton to approximately one ton. Between 1974 and 1985, grain production increased 60% in India, 40% in China and 300% in Thailand. In fact in 1985, India appeared to suffer from too much rather than too little grain, with surplus stocks exceeding storage capacity by 2 million tons.

Output: losing momentum

Because of the Green Revolution's emphasis on chemical fertilizers, irrigation, seed hybrids and other expensive inputs, those who have benefited the most have been the larger farmers with access to credit. The revolution has not touched the vast majority of the world's small farmers, according to Edward Wolf, a senior researcher with the Washington, D.C.-based Worldwatch Institute:

"Overall, nearly 100 million people in Latin America, 280 million in Africa, and over 990 million in Asia raise food under difficult conditions at yields little changed since mid-century." These farmers, Wolf notes, often use the same cultivation and harvesting techniques their ancestors employed centuries ago.

There appears to be a loss of momentum in the growth of food production in Africa (where the Green Revolution has not reached) and in South America, the two continents with the fastest growing populations. According to Lester Brown, a former USDA official and president of Worldwatch, Africa—where government policies tend to discourage investment and innovation in agriculture—was the first continent to suffer a decline in per capita food production since 1945. Its per person output has fallen 15% since it peaked in 1967. In South America, the second continent to experience such a decline, per capita food production has dropped by 13% during the 1980s.

Unrenewable resources

Falling farm output in some parts of the world underscores the fact that many of the globe's resources are already being strained to their limits. As the UN's 1988 population report explains, in rural areas of developing countries the consumption of food, water, fuel and fodder is depleting supplies faster than they are being replenished. In sub-Saharan Africa, overgrazing and unwise cultivation have turned 160 million acres of land back into desert in the past 50 years. In the

Sudan, the desert is spreading south at the rate of some 60 miles every 17 years.

The destruction of prime arable land is not confined to less-developed countries. The high growth in world grain output has partly been achieved by plowing land that is now in danger of erosion. Even in the U.S., overproduction damaged millions of acres of farmland during the 1970s, raising fears of a recurrence of the "dust bowl" conditions of the 1930s. According to government estimates, 5 billion tons of topsoil are washed or blown away each year from U.S. fields and farmlands. As mandated under the 1985 farm bill, the USDA is taking 45 million acres (11% of all cropland) out of production because it is too erodible.

Irrigation is also rapidly becoming a major environmental issue. According to a UN study, millions of acres of land are lost each year due to the salt and alkalies that are naturally found in irrigation water. As the water is pumped into the fields for irrigation, residues of the impurities eventually accumulate. Unless they are dissipated through such management practices as "flushing" or deep plowing, they destroy the soil's productivity.

Salinization is believed to be affecting some 10 million acres of cropland in the U.S. alone. Worldwide, it is estimated that from 2 million to 4 million acres of land are lost to salinization each year. Still, the importance of irrigation to the world food supply cannot be overstated: China produces 70% of its food on irrigated land; Pakistan 85%; and India 55%. The alternative, dry-land farming, greatly decreases annual production and the range of crops which can be grown.

Low-input farming

Concern over the harmful environmental impacts of agricultural chemicals, including fertilizers and pesticides, as well as the widespread burning of tropical forests to create arable land, has given rise to a worldwide movement toward low-chemical agriculture. Low-chemical agriculture (called "low-input" farming by the USDA) emphasizes traditional farming techniques, such as crop rotation, mulching and organic weed and pest control. For example, certain legumes can be planted in maturing cornfields to hold nutrients and prevent soil erosion. Other plants will choke out weeds and discourage insects.

Advocates of low-chemical farming argue that it can reduce agricultural production costs and environmental risks while preserving and even improving farmland for future generations. Critics claim that its use is infeasible on a large scale, that it would lead to declining yields, higher costs and less food security worldwide.

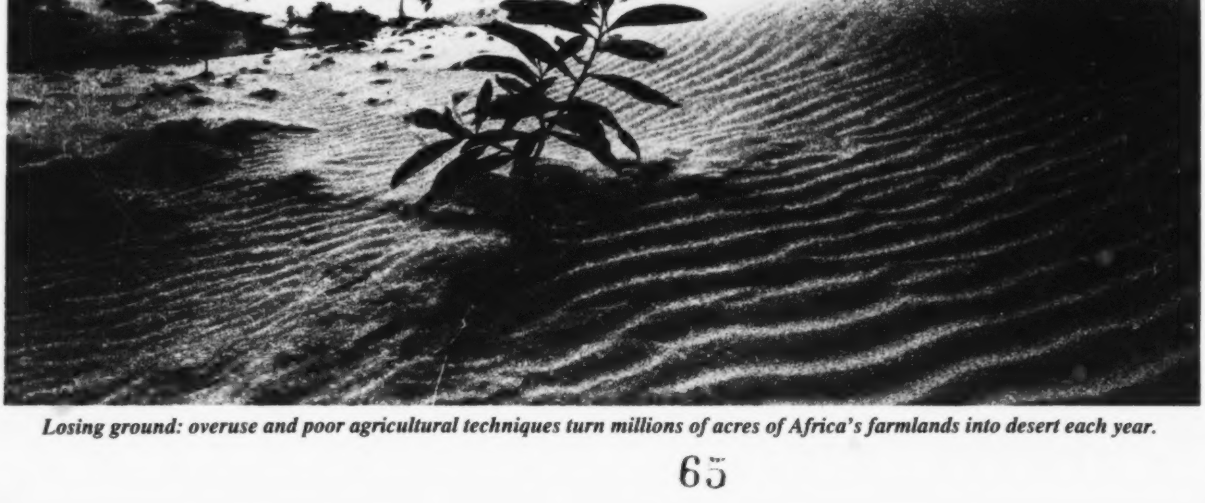
In 1987, Congress appropriated $3.9 million for the creation of the Low-Input/Sustainable Agriculture (LISA) program for U.S. farmers. Under LISA, funding is provided for research and educational projects to improve low-input farming techniques and to raise public awareness of their long-term benefits.

Though low-chemical farming is considered best-suited for small- and medium-sized farms, LISA funds are also being used to research the program's applicability on a much larger scale. A number of commercial grain producers in the Midwest have for some years managed to maintain profitable farms using few or no chemical herbicides, insecticides or inorganic fertilizers.

The U.S. government is also funding research and pilot projects in sustainable agriculture in the developing world. In Honduras, for example, the U.S. Agency for International Development (AID) is helping to support an experimental farm run by the Vermont chapter of the Partners of the Americas program. Many program participants have been able to double or triple their crop yields while improving their lands.

Food for the hungry

One traditional way of dealing with chronic and emergency food shortages is through food aid, the actual transfer of surplus food from one country to another. Under the Food for Peace program, the U.S. has been selling food on easy terms to developing nations (or providing it free to the poorest countries



Losing ground: overuse and poor agricultural techniques turn millions of acres of Africa's farmlands into desert each year.

or groups of poor people in more-affluent developing nations) since 1954.

During the 1960s and early 1970s, food aid was used primarily as a means of strengthening and rewarding U.S. allies in the developing world. The main recipients were Israel, Turkey, South Korea, Pakistan and South Vietnam. In 1974, Congress decreed that 75% of all food sales under the program had to go to the world's poorest countries, those in Central America and sub-Saharan Africa.

By the late 1970s, the Food for Peace program had shrunk to a relatively small $1 billion a year, where it remains today. Although annual U.S. food aid in the 1980s has averaged less than half the volume registered in 1965, the U.S. remains the single largest food donor in the world.

Critics of food aid programs charge that massive donations of U.S. agricultural products have undermined the farm economies in recipient countries by flooding the market with low-priced food, prompting many local farmers to stop planting crops and accept food aid instead. Critics also point out that some recipients have used aid as a political tool. In Ethiopia, where famine killed 300,000 people in 1984–85, shipments of donated food were hindered or held up by both government and rebel forces in an attempt to influence the outcome of a bitter civil war (see Topic 7).

To many people in the U.S. and other Western nations, providing aid to the world's needy is seen as a moral obligation that transcends politics and economics. As Laura Kullenberg, director of an Oxfam America program in Africa, told *Time* magazine, "This is a life-and-death situation [in Ethiopia], and our choices are limited. Our mission is to make sure food gets to people in need, not to make a political point."

AID officials and private relief organizations around the globe have expressed concern that the drop in grain reserves and the increase in commodity prices brought on by the 1988 drought will limit the amount of food available for shipment to poor developing nations during 1989. Higher prices mean that AID dollars buy less. In 1986, the world grain surplus reached a high of 458 million tons, a 101-day supply. Following the 1988 summer harvest, the surplus was only 250 million tons, a 54-day supply—below the 57-day level that more than doubled world grain prices in 1973. The USDA has forecast that the spring 1989 harvest will bring the surplus back up to a 65-day supply.

With improved farming techniques, this Brazilian man and his son could earn more and might even become consumers of U.S. products.

Some food policy analysts fear that a continued decline in world output will push borderline countries into dependency, while making relief goals all the more difficult to achieve. These concerns contributed to a USDA decision to cut in half the amount of land to be taken out of production in 1989.

Development aid

U.S. aid for agricultural research and development in the Third World has also come under criticism in recent years for being potentially too successful. Some U.S. farm groups and policymakers believe that boosting agricultural productivity in developing countries will lead to increased competition for shrinking global markets in years to come. As one U.S. senator has said: "How can we get control of the deficit if we send money overseas which works toward lowering global commodity prices and causes Commodity Credit Corporation [CCC] and price maintenance programs to rise?"

Critics often cite soybean production in Brazil, which was partially developed through an AID grant, as an example of an agricultural aid program backfiring on U.S. farmers. Other such programs that may have affected U.S. exports include grants for rice research in Thailand and cotton production in Paraguay. In 1986, Congress passed an amendment prohibiting the funding abroad of any program that promotes the growth or production of an agricultural commodity for export that would compete with a similar commodity grown or produced in the U.S.

Yet the key to U.S. export growth may lie with improved farming in the Third World. Numerous studies have shown that increased agricultural production in developing nations leads to an increase in income, and hence in their demand for agricultural imports (as has happened in South Korea and Taiwan). One of the first things very poor people do when they become a little better off is improve their diets. Demand for meat, dairy products and processed foods increases, creating an even bigger demand for cereals and feed grains which are readily available on the international market.

According to policy analysts such as Paarlberg, finding solutions to the problems of food production, agricultural trade and hunger may prove difficult, but it should by no means be seen as impossible. Much will depend on the direction that U.S. agricultural policies take in coming years.

U.S. farm policy

DEVELOPING AN agricultural policy that satisfies the economic, environmental and food security needs of the country is one of the biggest challenges facing U.S. policymakers. Every President since Harry Truman has discovered that reforming the farm program is no easy task.

Government involvement in farming has a long history in the U.S. In 1862, an important year for farmers, Congress passed the Homestead Act, offering free land to those who chose to cultivate it, and created the USDA as a means for providing information on agriculture to farmers throughout the country and for distributing seeds and plants. It also provided Federal aid in the form of land grants to establish an agricultural and mechanical college in each state. In 1887, Congress passed the Hatch Act, granting $15,000 a year for each state and territory to establish agricultural experiment stations.

In the early years of the twentieth century, the Federal government financed a number of farm support programs that provided for education and research, farm credit, and market regulation. By 1914, the USDA had an annual budget of $22 million. But it was legislation passed by Congress during the depression that laid the foundation for today's agricultural policies.

Depression years

By 1929, when the stock market crash shook the world's financial system, U.S. farmers had already suffered through a decade-long depression of their own. During World War I, grain scarcities in Europe, brought on by the war, created a great demand for U.S. farm products, leading to what is still known today as the golden age of U.S. agriculture. When Europe recovered from the war, demand for U.S. food fell sharply and rural America went into a steep decline.

In 1933, as part of President Franklin D. Roosevelt's New Deal, Congress passed the Agricultural Adjustment Act, creating the CCC, a credit system that allowed financially strapped farmers to borrow operating expenses from the government against their unharvested crops. At harvest time, if a crop's price was less than the amount of the loan, a farmer could clear his debt by simply turning his or her crops over to the government. If prices increased, however, the farmer could sell the crops at the market rate, pay the government back the loan and pocket the difference. In order to reduce yields and stabilize prices, the Agricultural Adjustment Act also permitted the government to pay farmers to cut production of certain commodities, including wheat and corn.

The catch in the CCC program was that loan rates were set by a so-called parity system, with prices pegged to the golden-age highs of 1910–17. Because 1930s' market prices were much lower and production costs had fallen so far since 1910, critics of the program claimed that CCC loan rates maintained the market value for farm products at artificially high levels. The program's proponents, on the other hand, argued that the high loan rates guaranteed farmers a decent income by providing a fair market price for their products.

World War II brought another boom to the U.S. farmer, as demand for food at home and abroad caused prices to double between 1939 and 1945. After the war, the U.S. continued to ship farm products to Europe under the Marshall Plan. Between 1948 and 1950, a total of $4 billion worth of food, fertilizer and feed—over half of all U.S. agricultural exports—was purchased with government grants and loans.

Public Law 480

After Europe's recovery in the 1950s, demand abroad for U.S. agricultural products again fell sharply. The Agriculture Act of 1949, however, had not anticipated the decline in demand. The price supports it mandated encouraged farmers to maintain the high levels of production of the Marshall Plan years. As a result, government-owned surpluses soon swelled to unmanageable proportions.

To cope with the surplus and provide food aid to countries in need, Congress in 1954 enacted Public Law (PL) 480. Under PL 480, surplus farm commodities could be given away, bartered or sold for currencies other than dollars. In this way, any country lacking dollars could simply print enough of its own currency to purchase U.S. surplus foods. Thus, the U.S. government unloaded much of its grain surplus on the world market with little or no real cost to the governments of purchasing countries. Due in large part to PL 480, U.S. grain exports quadrupled between 1955 and 1957, with 80% of the sales going to Third World nations.

In many ways, PL 480 created more problems than it solved. Other food exporters, including such important U.S. allies as Canada, Australia and New Zealand, were upset over its effect on world market prices. U.S. hopes of gaining diplomatic leverage from PL 480 sales were often disappointed because recipient countries tended to view their purchases as a favor to the U.S., since they helped reduce the surplus. What's more, U.S. surpluses continued to grow.

During the early 1960s, to address a worrisome trade deficit, President John F. Kennedy instructed the USDA to intensify efforts to expand dollar sales of farm products abroad. The EEC had begun reducing its dependence on grain imports from the U.S. in 1961, after it adopted a Common Agricultural Policy (CAP), a farm program designed to protect West European farmers from U.S. and other competitors. The loss of sales to Western Europe was partially offset by a 70% increase in wheat sales to Japan and the opening of the Soviet market for U.S. grains in 1963. Still, total U.S. farm exports fell in the 1960s, with the U.S. share of worldwide wheat sales down from a high of 20% in 1960 to a low of 12% by mid-decade.

To protect the flagging farm economy, Congress introduced a direct income subsidy program for farmers in the early 1970s. This program determined an annual "target" price for wheat and other grains that was somewhat higher than the CCC loan rates. If market prices fell below target prices, a "deficiency payment" was sent directly from the government to participating farmers to make up the difference.

In the 1970s, the U.S. farm economy

The U.S. Farm

The farm of the 1980s is not grandpa's farm of the 1930s. Instead of pigs, chickens, cows and a few acres of corn, the average commercial farm is a highly mechanized business, producing one or maybe two commodities, such as wheat, soybeans or corn. The average farm income in 1983, one of the worst years for farmers since the Great Depression, was $21,907, $2,673 less than the national average for all U.S. families.

According to the U.S. Census Bureau, a farm is any household that sells at least $1,000 worth of farm products annually. By this lenient definition, there are currently 2.2 million farms in the U.S. However, only 599,000 farms are run as commercial or full-time profit-making businesses. Altogether, commercial farms, which range in size from small family farms to giant business operations, account for 90% of farm sales in the U.S. and receive approximately 82% of Federal farm subsidies.

The other 1.6 million farms are owned by part-time farmers who earn most of their income away from the farm. Despite their large number, part-time farmers account for only 10% of the country's farm sales and receive just 18% of all government agricultural subsidies. Of this group, nearly one fifth live below the poverty line, and 25% are over 65 years old and farm to supplement their Social Security incomes.

Since the mid-1930s, people have been abandoning the countryside at more or less a steady pace. In 1920, 32 million people, approximately 30% of the general population, lived on U.S. farms. Today, 5 million Americans, 2.2% of the total population, live on farms. In 1987 alone, 240,000 people left the land, dropping the nation's rural population to its lowest level since before the Civil War. Yet those remaining still produce more food and fiber than the market can absorb.

witnessed its greatest expansion ever. High population growth worldwide, poor harvests abroad (especially in the Soviet Union), economic growth in the Third World and a devaluation of the U.S. dollar brought sharp increases in demand for U.S. food products.

Government policy was driven by the mistaken belief that demand would continue to outpace supply. It failed to take into account the changing world food market. The commodity boom of the 1970s, created by loose U.S. monetary policies and unsustainable borrowing, would soon turn into a "bust" in the 1980s, when tighter U.S. monetary policies triggered a world recession.

Europe and many Third World countries, such as China and India, were greatly expanding their own agricultural production, which was bound to cut into demand for U.S. farm products. The U.S. government nevertheless encouraged farmers to expand production as rapidly as possible. As a result, U.S. revenues from agricultural exports reached an incredible $44 billion in 1981. But government-held surpluses also continued to grow.

In anticipation of continued high inflation, the Agricultural Act of 1981 set target prices and other price supports at new, unreasonably high rates. The Administration of President Reagan, anxious to please its farm constituency, then set crop loan payments for 1981 and 1982 at higher levels than were required under the new law. Since the amount of a farmer's loan still depended on the size of his or her crop, farmers were indirectly encouraged to plant as much as possible. Consequently, grain surpluses reached record highs.

Growing grain surpluses prompted the Administration to introduce in 1983 a Payment-In-Kind (PIK) program to discourage farmers from producing certain crops, such as wheat and corn, and to promote the using up of surpluses. For every bushel of wheat a farmer didn't grow under the PIK program, for example, he or she received a bushel of government surplus wheat to sell on the open market. In 1983, the average commercial farm received PIK subsidies of nearly $30,000.

The PIK program reduced U.S. wheat and corn acreage by 25%. This, together with the global economic recession of the early 1980s, high dollar exchange rates and high commodity loan rates, caused U.S. food exports to drop by almost 40%. As the U.S. cut back, other countries expanded their output and took over markets previously served by the U.S.

In an attempt to increase the competitiveness of U.S. food products abroad, Congress passed the Food Security Act of 1985. This bill set limitations on the amount of crops that could be produced under government subsidy and lowered loan rates, bringing down both domestic and export prices. It also set into motion the U.S. aggressive Export Enhancement Program, which gave high export subsidies and helped launch a spectacular recovery in U.S. agricultural trade.

The 1985 bill failed, however, to reduce by any significant amount the target prices set in 1981. Since it is the target price which guarantees a farmer's income for each bushel grown, farmers continue planting crops with which the market is already flooded.

★ ★ ★

As Congress prepares to debate and legislate a new farm bill in 1990, trade, income security for U.S. farmers and (if there is another drought) production levels are almost certain to dominate policy discussions. Should the U.S. press harder for freer agricultural trade under the GATT negotiations? Or should Congress continue to protect the U.S. farm from foreign competition, no matter what the costs? Should issues such as food aid, development assistance and population control play a role in setting food policy? If so, what should that role be?

Opinion Ballot ➔ on page 94 ➔

FOR DISCUSSION

1. Former Secretary of Agriculture John Block said, "American agriculture has a great future if it is willing to compete for exports." *Washington Post* reporter Ward Sinclair said about U.S. farm exports, "We are arranging a picnic that fewer and fewer nations may want to attend." Do you agree with either of these statements? Why?

2. The U.S. is pushing for an accord on agricultural trade in the new GATT round. What sort of agreement would it like to reach? What prompted the U.S. to seek such an agreement at this time?

3. Worldwide agricultural subsidy programs now cost about $150 billion each year. Why do governments provide subsidies for farmers? What effect do subsidies have on international trade?

4. Grain sales to the U.S.S.R. have often sparked controversy. Some analysts believe they should be viewed only from an economic standpoint; others say national security issues should also be taken into account. What is your opinion?

5. Despite an abundance of food grown and processed worldwide, hundreds of millions of people face severe food shortages each year. What are the chief causes of hunger today? What can be done to alleviate it?

6. Many people believe the U.S. has a moral obligation to provide food to countries in need. Do you agree? Under what conditions should a country **not** qualify for food aid?

7. Congress has forbidden the use of aid for the development of agricultural products that might eventually compete with U.S.-grown commodities. Do you agree or disagree with this policy? Why?

8. Population growth is an obstacle to food security in most of the world. What can be done to slow population growth? What should be the U.S. policy toward family planning?

SUGGESTED READINGS

"AID's 25th Anniversary." **Department of State Bulletin,** January 1987, pp. 1–21. A report on the activities of the U.S. Agency for International Development, including the Food for Peace program and agricultural assistance.

Brown, Lester R., "The Changing World Food Prospect: The Nineties and Beyond." **Worldwatch Paper** 85. Worldwatch Institute, 1776 Massachusetts Avenue, N.W., Washington, D.C. 20036, October 1988. 58 pp. $4.00. A discussion of food production trends in recent years and the environment's influence on future production.

"A Bushel and A Check." **Insight: The Washington Times Magazine,** December 7, 1987, pp. 8–30. A wide-ranging look at farming in America, with discussions of national and international farming and agricultural trade issues.

"Famine." **Time,** December 21, 1987, pp. 34–45. A report on famine in Africa, with a discussion of the positive and negative aspects of international food aid.

"Feeding the Continent: Africa's Agricultural Outlook." **Africa Report,** September–October 1988, pp. 13–41. A series of articles dealing with food production, hunger and trade in Africa.

Lappé, Frances Moore, and Collins, Joseph, **World Hunger: Twelve Myths.** New York, Grove Press, 1986. 208 pp. $9.95 (paper). A study by the founders of the Institute for Food and Development Policy, examining 12 commonly held beliefs about the major causes of hunger in the world.

Linowitz, Sol M., "World Hunger: A Challenge to American Policy." **Headline Series** No. 252. New York, Foreign Policy Association, December 1980. 80 pp. $4.00. The chairman of the Presidential Commission on World Hunger discusses the commission's findings on hunger in the final decades of the twentieth century.

Paarlberg, Robert L., **Food Trade and Foreign Policy: India, the Soviet Union, and the United States.** Ithaca, N.Y., Cornell University Press, 1985. 266 pp. $12.95 (paper). A leading U.S. economist examines the economic, political and foreign relations aspects of international food trade.

Spivack, Neal, and Florini, Ann, **Food on the Table: Seeking Global Solutions to Chronic Hunger.** New York, UNA-USA, 1986. 81 pp. $5.00. (Available through the Publications Department, UNA-USA, 485 Fifth Avenue, New York, N.Y., 10017.) A briefing book outlining the history, current situation and U.S. policy choices concerning persistent hunger in the developing world.

"Terrestrial Resources: Food," in **Global Resources: Challenges of Interdependence.** New York, Praeger for the Foreign Policy Association, 1983. 692 pp. $23.95 (paper). Seven leading policy analysts look at various aspects of hunger, food production and agricultural development worldwide.

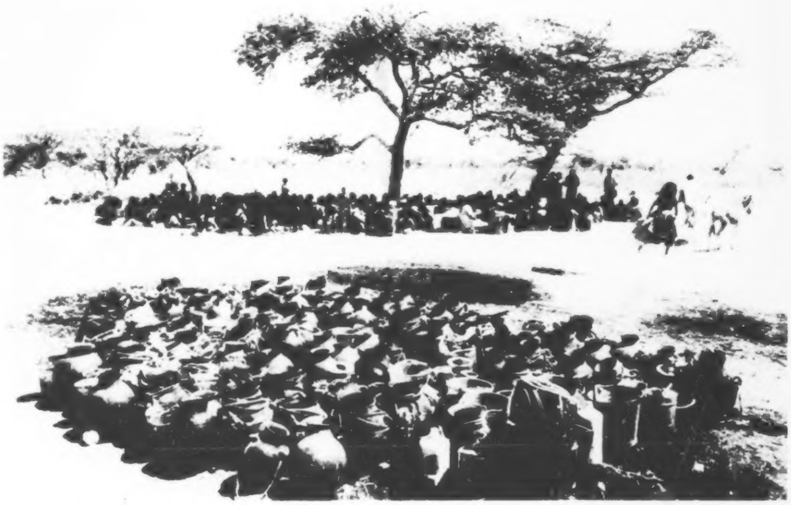
For further in-depth reading, write for the Great Decisions 1989 Bibliography (see page 4).

ILLUSTRATION CREDITS: p. 57, UN Photo/Doranne Jacobson; p. 61, UN Photo/O. Monsen; p. 62, UN Photo/Jerry Frank; p. 63, UN Photo/Peter Magubane; p. 64, UN Photo/John Isaac; p. 65, UN Photo/Allan Tannenbaum.

7.

HORN OF AFRICA

EMPTY CORNUCOPIA?



Waiting for the water truck: refugees, drought and civil war in the Horn.

THE HORN OF AFRICA, comprising Ethiopia, Somalia and tiny Djibouti, is an impoverished area that few Americans know firsthand. Located on the eastern tip of Africa, the Horn today conjures up images of famine, homeless refugees, civil wars and brutal dictators. Destitute and embattled, the Horn has nevertheless attracted great-power interest. The U.S. and the Soviet Union both supply food aid to Ethiopia; in addition, the U.S. provides economic and military aid to Somalia and the Soviet Union provides military supplies and advisers to Ethiopia.

The chief reason for the superpowers' involvement is the Horn's strategic location. Situated where the African and Arab worlds intersect, the Horn dominates the entrance to the Red Sea, an important route for oil and other trade between Europe and Asia. By bartering their support for naval facilities on the Gulf of Aden and the Red Sea respectively, the U.S. and the Soviet Union are able to project their influence into the Indian Ocean and the Persian Gulf (see Topic 2).

Humanitarian concern is another reason why the U.S. has played such an active role in that region. The famine of 1984–85, which devastated much of Africa, was the worst of the century in Ethiopia. Eight million people went hungry and hundreds of thousands died. Shocking scenes on television of starving mothers and children prompted a massive response from the international community. The U.S. government, voluntary agencies and private citizens played a major part in the relief effort. Americans who bought the record "We Are the World" contributed $45 million toward food supplies for Ethiopia.

The countries of the Horn, inhabited by about 56 million people, are desperately poor. The World Bank ranks Ethiopia as the world's most impoverished nation. Somalia is scarcely better off. With the exception of the 8 million who live in towns and cities, the people scratch a meager living from the soil as subsistence farmers or are nomadic pastoralists.

Famine was narrowly averted in 1988, but not before alarms had been sounded by international relief agencies. For the past decade, the countries of the Horn have been flooded with hundreds of thousands of refugees displaced by Ethiopia's war against its secessionist northern province of Eritrea and by civil wars in Somalia and in neighboring Sudan.

The governments of both Ethiopia and Somalia need outside support to maintain their armies and to survive economically. Both are afflicted by recurring drought, explosive population growth, stalled economic growth and mounting foreign debt. Ethiopia's top priority has been to prevent the secession of the province of Eritrea, its only access to the Red Sea. Somalia has long hoped to reunite all ethnic Somalis under its flag. This includes 2 million in Ethiopia's barren but possibly oil-rich south, the Ogaden. But for now the Somali government, weakened by a struggle for succession, is giving priority to putting down a major insurrection in the north.

Shifting alliances

For decades Ethiopia, led by Emperor Haile Selassie, was a close friend of the U.S. Washington had weaker ties with Somalia, which received aid from the Soviet Union after attaining independence in 1960. In the mid-1970s, Ethiopia and Somalia abruptly reversed their superpower allegiances. After overthrowing the emperor in 1974, the new military government of Ethiopia allied itself with the Soviet Union. And Somalia, when it failed to get Soviet backing for its attack on Ethiopia in 1977, severed its ties to Moscow and turned to Washington.

Despite U.S. opposition to the socialist leadership in Ethiopia and its alliance with the Soviet Union, relations between Washington and Addis Ababa, the Ethiopian capital, have improved somewhat in recent months. U.S. relations with Somalia remain friendly although that government's human rights abuses and the intensifying civil war there are sources of concern. Washington so far has refrained from public criticism. The government of Somalia —like that of Ethiopia—is fiercely independent and stubbornly resists outside advice or pressure to change its policies.

With the U.S. and the Soviet Union backing two enemies, what is the likelihood of the superpowers being drawn into another regional war? What are U.S. and Soviet long-term aims in the Horn? Are they mutually exclusive? What is the likelihood of the countries of the Horn changing allegiances once more?

While probably not at the top of the Bush Administration's foreign policy agenda, the Horn will remain a concern because of its strategic location and its need for humanitarian assistance.

Ethiopia: revolution and development

The People's Democratic Republic of Ethiopia, which covers an area about three times the size of Texas and has a population of 48 million, is one of the oldest, most populous and influential countries in Africa. Formerly known as Abyssinia, it is a land of legend that traces its origins to the Queen of Sheba and King Solomon in the tenth century B.C. For millennia it was a monarchy; for the last 15 years it has been a socialist state.

Ethiopia has a strong national identity that for centuries has overcome the pull of a multitude of religious, ethnic and linguistic divisions. Split religiously into roughly one third Christian, one third Muslim and one third animist, Ethiopians belong to some 80 ethnic groups. The rulers of Ethiopia since the mid-nineteenth century have been the Christian Amhara. They predominate in the central highlands and the urban areas and represent roughly 30% of the population. The largest ethnic group is the Oromo in the south, comprising 40% of the population.

Eighty percent of Ethiopia's people are farmers, with coffee the major export crop. Until recently they were locked in a feudal system of servitude, in which peasants were oppressed by large landlords and had no legal rights. Living conditions are still harsh, with life expectancy only 45 years.

As in much of sub-Saharan Africa, the land itself is rapidly deteriorating. Only 14% is under cultivation. Overgrazing has turned once-productive soil into desert. Soil erosion and falling water tables have further impoverished the country. Compared with 1900, when about a third of the country was forested, less than 3% is today. As more trees are cut down for firewood, the forest shrinks farther.

Visitors extol Ethiopia's harshly beautiful landscape, a rugged terrain that has always been difficult for the central government to control. Geography, indeed, played a major role in Ethiopia's destiny by keeping it isolated from neighboring countries. Most of the country is a high plateau with a temperate climate.

Modern history

After the Suez Canal opened in 1869, European powers took an interest in the Horn. The British, Italians and French established colonies along the coast. In the late 1880s, Italy seized the mountainous province of Eritrea, which stretches for 600 miles along the Red Sea from the Strait of Bab el Mandeb (Gate of Sorrow) to the Sudanese border and is a crucial outlet for otherwise landlocked Ethiopia.

The two men who shaped modern-day Ethiopia were Menelik II, who ruled from 1889 to 1913, and Haile Selassie. It was Menelik who expanded Ethiopia to its present boundaries by conquering other groups, including Oromo and Somalis, and who defeated the Italians in 1896 when they tried to push inland.

Europe was shocked by the Ethiopian victory and henceforth respected the independence of the Addis Ababa government. Menelik, however, was unable to drive Italy out of Eritrea.

Haile Selassie (Power of the Trinity) was crowned emperor in 1930 and dominated Ethiopia until 1974 when he was deposed. He had a reputation as an enlightened monarch who was trying to nudge Ethiopia into the twentieth century. He increased the power of the central government, curbed the power of the nobility, and expanded the army and bureaucracy. He gave the country a constitution in 1931 which provided a democratic facade while he retained supreme power.

All of this came to a halt when Italy invaded Ethiopia in October 1935. Many Westerners recall Haile Selassie's appearance before the League of Nations on June 30, 1936, when he pleaded with European powers to turn back the Fascist invasion, which some later regarded as the opening battle of World War II. "It is us today. It will be you tomorrow," he warned. He won the world's sympathy but not its help. The emperor was forced into exile. In 1941, with British, Indian and South African military aid, he was able to resume the throne.

From his earliest days Haile Selassie had promoted ties with the outside world, sending students abroad and welcoming foreign advisers. After World War II, these connections paid off as the U.S. and West European countries sent large amounts of aid. Ethiopia was a charter member of the United Nations. Addis Ababa became the permanent headquarters of the Organization of African Unity (OAU) when it was founded in 1963, and the OAU backed the Ethiopian government in its dispute with secessionist groups.

Haile Selassie was unable to reintegrate Eritrea peacefully with Ethiopia. After a half century of Italian domination and three years (1949–52) as a British-administered UN trust territory, Eritrea became autonomous but federated with Ethiopia under a formula worked out by the UN. Eritreans, who had wanted independence like other European colonies, felt betrayed. They were backed by Arab states, which favored an independent Eritrea with an Islamic government rather than its absorption by Ethiopia. (In Eritrea, the population of 16 million, roughly the size of Saudi Arabia's, is evenly split between Christian and Muslim.) Haile Selassie, however, had other ideas, and in 1962 he formally annexed the province. Since then, a civil war has raged.

Revolution

In the last decade of Haile Selassie's rule, protests by students, teachers, workers and the military (which had staged an unsuccessful coup in 1960) became more insistent. A generation of Ethiopians who had been educated abroad were increasingly frustrated by the poverty and lack of development in their country. (In 1969 the annual per capita income was only $60, half what it is today.) Government incompetence and corruption were also increasingly blatant.

Haile Selassie's attempt to cover up a major famine in 1973, which killed an estimated 200,000 people, was the last straw. It led to widespread protests against the government in the spring of 1974. Finally a committee of military men, known as the Derg, deposed the 82-year-old monarch on September 12, 1974. He died in detention the following year.

The Derg soon eclipsed other elements of the broadly based opposition movement that had helped overthrow Haile Selassie. It ruled through a provisional military administrative council (now disbanded), but real power has been concentrated since November 1977 in the hands of Mengistu Haile Mariam, the current president.

Some civilian groups bitterly opposed the Derg's power grab. When they failed to overthrow the regime by peaceful marches and demonstrations, they began assassinating government officials. The Derg struck back, killing some 10,000 opponents in a campaign known as the Red Terror, which lasted from November 1977 to March 1978. Since then organized internal opposition has been negligible.

The Derg took extreme measures to implement its vision of a socialist society. It removed the old ruling class and instituted a land reform program that broke up the large estates of feudal landlords, nationalized them and allowed individual peasants to own up to 25 acres and pass them on to their children. This land reform was popular and is one of the positive achievements of the revolution.

However, the land reform program resulted in minimal gains in agricultural production. Before the revolution Ethiopia had been self-sufficient in food, but by 1982 it had to import $65 million worth. This setback was partly due to drought and government price controls. In urban areas, the Derg's economic policies, including the nationalization of banks and large companies, shook business confidence. The Derg's promises of reform had aroused high expectations that were not met. The Derg showed little willingness to share power and the people suffered from unemployment, inflation and a wage freeze.

In 1984 there was almost no rain, which, after three years of drought, led to widespread crop failures and famine. The tragedy in Ethiopia aroused compassion throughout the world. An all-star rock concert called Live Aid, held in Philadelphia and London on July 13, 1985, helped focus popular attention on hunger and raised $100 million to help alleviate it.

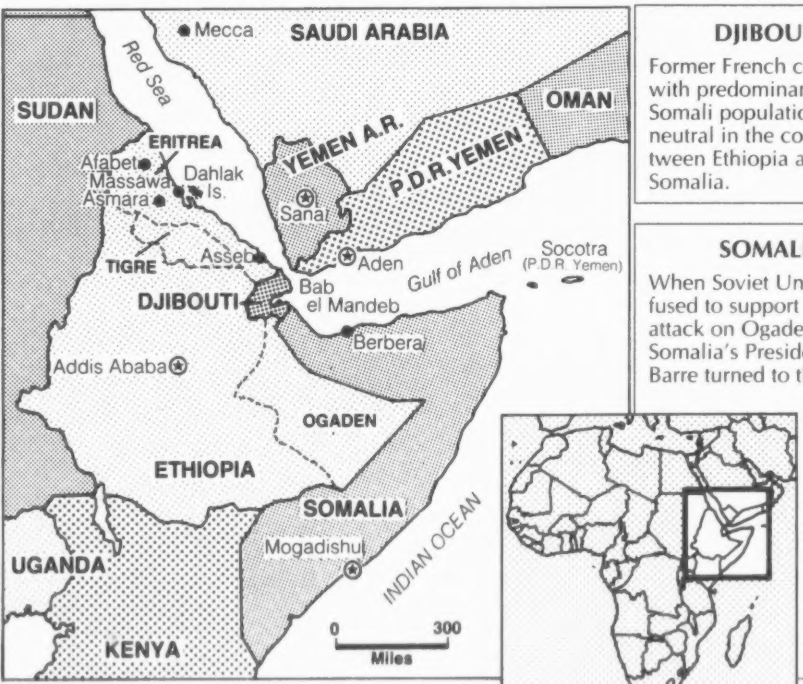
The government's two most controversial programs, resettlement and villagization, were supposed to improve the lives of rural dwellers. Critics, however, regarded them as a means for the government to increase social control. The programs got under way at the

The Horn of Africa

Eritrea
In longest-running civil war in Africa, rebels in this province of Ethiopia seek independence. They are supported by Sudanese and Arab neighbors.

ETHIOPIA
Since ouster of Emperor Haile Selassie in 1974, Ethiopia has been a socialist state under the military rule of Mengistu Haile Mariam. He signed friendship treaty with Soviet Union in 1978 but is now looking for Western help.

Ogaden
Though part of Ethiopia, the Ogaden region is populated by ethnic Somalis. In 1977–78 Somalia tried unsuccessfully to wrest Ogaden from Ethiopia.



Robert Mansfield

DJIBOUTI
Former French colony with predominantly Somali population that is neutral in the conflict between Ethiopia and Somalia.

SOMALIA
When Soviet Union refused to support its ally's attack on Ogaden, Somalia's President Siad Barre turned to the U.S. for help. U.S. now provides military and economic aid in return for use of facilities at Berbera.

Near Afabet, Eritrean rebels in a Soviet tank abandoned by Ethiopian troops.

worst possible time, during the 1984–85 famine. The resettlement program moved villagers from the drought-stricken north to more-productive agricultural areas in the south and organized them into collectives. Some 600,000 people were moved forcibly and rapidly and tens of thousands died due to inadequate food, shelter and medical care. The program was suspended in response to international pressure in January 1986, but it resumed at a much lower level in late 1987, supposedly on a voluntary basis.

Villagization is a plan to group rural residents in newly constructed villages, where the government can provide services such as schooling, health care and potable water. Some 6 million people have been relocated since 1984, but they are receiving few benefits.

In order to appease Western aid donors and to alleviate its desperate agricultural situation, the government in late 1987 loosened state controls on farmers and encouraged private initiative. In response, the World Bank and several Western nations (but not the U.S.) resumed aid for agricultural development, which had been suspended for several years.

War with Somalia

The revolution in Ethiopia had a major effect on regional politics. Somalia sought to take advantage of the cutoff of U.S. arms aid to Addis Ababa and the Derg's internal difficulties, including the war with Eritrea, to annex the Ogaden region, with its large Somali population.

In July 1977, Somalia attacked. At first Ethiopian forces retreated, but then, reinforced by Cuban combat troops and Soviet advisers, they drove out the Somalis in March 1978. No formal peace accord was signed.

Eritrea

The Addis Ababa government has been less successful in defeating the enemy within its own borders, the so-called bandits in Eritrea who, it claims, are financed by Arab countries intent on making the Red Sea an Islamic preserve.

Eritrea's war of independence is led by the Eritrean People's Liberation Front (EPLF), essentially a nationalist movement that derives some inspiration from Marxism (how much is debatable). Today it controls about three quarters of Eritrea but not the major towns. Some 35,000 EPLF troops, fighting along a line of trenches 200 miles long, have kept the Ethiopian army of 316,000, the largest army in black Africa, in check. The EPLF has done all this with limited outside assistance.

Behind the front lines, the EPLF seeks to modernize Eritrea by running a literacy program, health care system (including hospitals) and small factories. The EPLF also helps distribute food. It has emphasized women's rights in a war in which women make up one third of its troops.

The EPLF's fighters are known for their discipline and dedication to their cause. But the struggle is bitter. In October 1987, they were widely criticized for destroying 23 UN trucks that were carrying 450 tons of desperately needed grain. The EPLF claimed that some of the trucks were carrying military supplies.

In March 1988, the tide of battle turned, at least temporarily, against the government. Eritrean forces inflicted a crushing defeat at the garrison town of Afabet, about 60 miles north of Asmara, the Eritrean capital. The EPLF claimed to have killed or captured 18,000 soldiers (including 3 Soviet officers), as well as confiscated a significant amount of arms.

In order to marshal all his forces against the EPLF and avoid a two-front war, Mengistu decided to make peace with Somalia. In April 1988, Ethiopia and Somalia agreed to withdraw their forces from the border, end hostile propaganda, cease supporting dissident movements and exchange prisoners of war. After the peace was signed, Mengistu ordered foreign relief workers to leave Eritrea and the province of Tigre, site of another antigovernment rebellion, supposedly for their own protection. His troops then drove hundreds of thousands of civilians out of Eritrea, committing "absolute massacres," according to Amnesty International, which monitors human rights worldwide. The EPLF charges that in May, in one village, the army ran over 80 people with tanks.

"The hard-boiled suspicion is that Colonel Mengistu would as soon starve everybody in the region, thereby settling his insurgency problems," *The New York Times* editorialized. The U.S. estimated that 2 million to 3 million people in Eritrea and Tigre were in danger of starvation. But thanks to continued distribution of food aid by Ethiopian employees of international organizations and unusually heavy rains, famine was averted in 1988.

The Sudan

The Sudan's support of the EPLF and Ethiopia's support of rebels in the southern Sudan have severely strained relations between the two countries, which share a 1,200-mile border. As a result of the Sudan's civil war and the government's refusal to allow foreign relief workers free access to areas controlled by insurgents, food and medical aid has been prevented from reaching the needy, making the tragedy difficult to assess. Many Sudanese refugees have fled to Ethiopia. In November 1988 the leader of the Sudanese rebel forces and the head of one of the political parties in the government signed a cease-fire agreement, but it was unclear whether the government would officially honor it.

Prospects

In Ethiopia, the outlook is for continued rule by the Mengistu government. It controls the internal security apparatus, and there appears to be no challenge from the army. The struggle over Eritrea, the longest civil war in Africa, is likely to continue, as neither party seems inclined to negotiate. In any case, no government in Addis Ababa could survive the loss of Eritrea. One unknown factor is Soviet intentions. Should the U.S.S.R. significantly reduce military aid, Mengistu might not be able to continue the war and might be forced to come to an accommodation with the EPLF.

Somalia: nation in search of a state

SOMALIS HAVE LIVED in the Horn for many centuries and constitute one of the largest ethnic groups in Africa. They have traditionally been pastoral nomads who migrate with their sheep, goats and camels. Today 8 million Somalis live in the Somali Democratic Republic. Another 2 million live in the Ogaden region of Ethiopia, and over 200,000 in both Djibouti and Kenya.

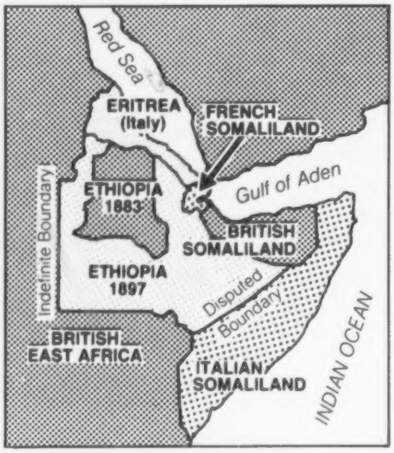
Somalis have a rich cultural legacy, derived from pride in their common language and poetry, their heritage of equality and democracy—some would add anarchy—reflected in tribal life, and their Islamic background. Although Somalia is a homogeneous state from the point of view of culture, language and religion, there is strong rivalry among various clans and north-south friction stemming from colonial days.

More than two thirds of Somalia's inhabitants earn a living from agriculture, mostly nomadic herding, which is well-suited to their arid, low-lying land. Major exports are live animals and skins and hides, followed by bananas. Manufacturing contributes only about 10% to the gross domestic product.

Somalia's proximity to the Arabian peninsula led to its early Islamization. It maintains close ties to the Arab world and became a member of the Arab League in 1974.

Colonial period

By most accounts the Somalis got little benefit from colonial rule. British Somaliland, in the north, was a neglected outpost of empire run on a miserly budget. The main British aim was simply to maintain law and order. For two decades, until 1920, the British devoted most of their energy to putting down a rebellion aimed at freeing the country from the rule of infidels.



Italian Somaliland, on the Indian Ocean, was the more developed economically, and had a higher rate of literacy. Italy spent much more on education than did Britain. It tried to attract settlers to farm plantations and began the export of bananas. However, because of the difficulty of getting labor, the experiment met with limited success. After 30 years of direct rule, the colony could still not pay its own way.

Fascist Italy annexed British Somaliland in 1940 and united the entire Horn, except for French Somaliland (Djibouti), as Italian East Africa. British troops retook their colony a year later. In 1950, the UN granted Italy a 10-year trusteeship over its former colony which was to culminate in independence. Britain, bowing to the rising tide of nationalist sentiment, agreed to free its colony at the same time. The two were united as the independent Somali Republic on July 1, 1960. France retained French Somaliland until 1977 when it granted the colony independence as Djibouti.

Independence

Somalia's flag is a five-pointed white star on an azure field. The points stand for the Somali nation—British and Italian Somaliland, Djibouti, the Ogaden region of Ethiopia and the Northern Frontier District of Kenya. A major goal of independent Somalia has been to unite all Somalis.

Established as a democratic state with a parliamentary form of government, Somalia proved difficult to govern due to conflict between the northern and southern halves of the country, with their different colonial languages and administrative traditions. Northerners felt slighted because southerners monopolized the best jobs. Neither half of the country was economically viable. As the government became increasingly paralyzed, Muhammad Siad Barre, the head of the armed forces, seized power in a bloodless coup on October 21, 1969.

President Siad's government initially received popular support. It set out to overcome poverty, ignorance and disease. In 1972 it mandated that the Somali language be written in the Roman script. By standardizing the written language, the reform gave literacy a significant boost. Some social inequities were lessened and women were given greater rights. With major financial and commercial help from Italy, the economy improved from 1969 to 1975. The government guaranteed jobs to secon-

Victims of the Ogaden war in a border camp.

dary school graduates, although it could hardly afford to pay them. (The average salary of a civil servant today is equivalent to $15 a month.)

President Siad, who heads the Somali Revolutionary Socialist party, has said that "tribalism and nationalism cannot go hand in hand." He governs by deftly balancing clan interests, but he bestows favors on his own people, the relatively small Marehan clan. The abuse of personal liberties also has alienated many Somalis. The military is his main pillar of support.

Somalia has often found itself isolated on the international stage. Other African states oppose its expansionist designs, which, if they succeeded, would set a disruptive precedent for other peoples who have been separated by colonial boundaries. The OAU charter specifically calls on members to respect the territorial integrity of member states.

"Either be a mountain or lean on one," goes a Somali proverb. Early appeals to the U.S. for military aid were turned down due to U.S. friendship with Haile Selassie, and the Soviet Union became the mountain Somalia leaned on. In 1974, it became the first black African nation to sign a friendship treaty with the U.S.S.R. In return for military aid, Somalia offered the use of naval facilities at Berbera.

In July 1977, Somalia dispatched troops to the Ogaden, purportedly to support the Western Somali Liberation Front, an irredentist movement that was backed by Somalia. Full-scale war with Ethiopia followed.

The Soviet Union sided with Ethiopia. In November, an outraged Siad cancelled his friendship treaty and expelled the Soviet advisers. Shortly thereafter the Soviets began a major airlift of arms to Ethiopia. With the help of Soviet advisers—some of whom came directly from Somalia—and 10,000–15,000 Cuban troops, Ethiopia rolled back the Somali advance.

During the Ogaden conflict the OAU opposed Somali aims, but Somalia received diplomatic support from the Arab League and from Islamic states such as Saudi Arabia, Iran, Egypt and the Sudan. Somali appeals for Western support were unavailing. Neither the U.S. nor Britain wanted to take a position opposed by the OAU.

Refugees

After Ethiopia retook the Ogaden, hundreds of thousands of ethnic Somalis fled to Somalia, creating a major refugee crisis. Since then, they have been supported by Western charity, mainly dispensed by the UN. Somalia will not allow a census: the more refugees it claims, the more aid it receives. A major unanswered question is whether these refugees will return to Ethiopia or remain permanent wards of Somalia.

Economic crisis

Somalia today faces two critical economic problems, a foreign debt of $2 billion and a severe trade imbalance (imports are four times the level of exports). It relies on foreign aid to bridge the gap. In 1986 Somalia received a total of $523 million, with Italy the largest donor ($159 million), followed by Japan and West Germany. The U.S. gave $82 million.

Like other economically strapped countries, Somalia agreed to make economic reforms in order to qualify for help from the International Monetary Fund (IMF). It instituted several structural adjustment programs in the 1980s, which included devaluation of its currency and a reduction of the state's control over production, marketing and price setting. However, it could not implement the reforms. In August 1987 riots broke out because of shortages of consumer goods and fuel. The next month Somalia abandoned the foreign exchange and other reforms it had promised and the IMF suspended assistance.

Human rights

"Siad Barre's autocracy—that is, his sustained affront to his society's democratic values—is the rock on which the revolution has foundered," according to David Laitin and Said Samatar, joint authors of a recent study on Somalia. Since 1981, the Somali government has employed torture and "widespread arbitrary arrests, ill-treatment and summary executions" against the opposition, according to a June 1988 report by Amnesty International.

Two major opposition groups, the Somali National Movement (SNM) and the Somali Democratic Salvation Front (SDSF), aim to overthrow the regime. Both emphasize their Islamic nature and criticize Siad for repression, corruption, nepotism and economic mismanagement. After the 1988 peace agreement, Addis Ababa evicted the two groups from their bases in Ethiopia. In May 1988, in its largest operation to date, the SNM, with an army of 10,000, attacked two major cities in northern Somalia. The government struck back by bombing rebel-held towns, which led to numerous civilian casualties and a massive exodus of some 300,000 Somalis to Ethiopia's Ogaden.

Prospects

The power struggle to succeed President Siad, now in his 80s, has already begun, although he was reelected for a seven-year term in December 1986. His rule is threatened by the insurgency in the north, by social discontent, and by unrest within his military. His increasing resort to clan politics in recent years has tended to undermine a sense of national identity and does not bode well for his successor.

DJIBOUTI

The city-state of Djibouti, population 400,000, is wedged between Ethiopia and Somalia. Djibouti's importance stems from its fine natural harbor and its location facing the Bab el Mandeb Strait at the entrance to the Red Sea. Djibouti was linked by railway to Addis Ababa in 1917 and since then has been a major outlet for Ethiopian trade. It is mostly a desert wasteland and has virtually no natural resources.

Since independence in 1977, the president of the Republic of Djibouti, a one-party state, has been Hassan Gouled Aptidou, whose astute diplomacy has kept Djibouti neutral in the bitter quarrels between its neighbors.

Djibouti's security is guaranteed by France, which stations 3,800 troops there. It is a member of the Arab League and has close links with Arab states, especially Saudi Arabia, a major aid source. The U.S. has access to Djibouti's port and airport and bilateral relations are excellent.

The American role

AFTER WORLD WAR II Ethiopia became one of the closest U.S. friends in Africa. The U.S. valued it for its strategic proximity to the Middle East. In 1953, in return for a major economic and military aid agreement and U.S. backing for its claim to Eritrea, Ethiopia granted the U.S. a 25-year lease on a key communications facility near Asmara.

Over the next two decades Americans became deeply involved in Ethiopia's development: the U.S. provided a total of $282 million in military aid and trained over 2,500 Ethiopian military officers—including Mengistu—in the U.S. Economic assistance to the tune of $366 million went primarily into agriculture, education, public health and transportation. The Peace Corps sent some 2,500 volunteers, many of whom taught in secondary schools.

The overthrow of Haile Selassie in 1974, and the installation of a socialist government, spelled the end of harmonious relations. U.S. demands for compensation for confiscated property, valued at $22 million, were ignored; U.S. military advisers were expelled; and the Asmara facility was closed. The Carter Administration terminated military aid altogether in February 1977 because of Ethiopia's human rights abuses, and in May, Ethiopia and the Soviet Union signed a friendship treaty. In return for substantial aid, Ethiopia agreed to break ties with the U.S.

That same year Somalia's sudden estrangement from the Soviet Union after the Somali attack on Ogaden gave the U.S. an opportunity to regain influence in the Horn. Until then, because of President Siad's anti-American rhetoric and his ties to the Soviet Union, U.S. links to Somalia had been minimal. Now Somalia pleaded for Western aid.

President Jimmy Carter criticized the massive Soviet arming of Ethiopia as "unwarranted interference" and called for negotiations to end the war. The U.S. resumed its assistance program in Somalia run by the Agency for International Development (AID) in 1978. It also promised to help militarily if Somalia were invaded. But, along with West Germany, Britain, France and Italy, the U.S. refused to provide arms. After all, the Somalis were the aggressors and they were likely to lose. As bags of American flour were unloaded in Mogadishu, the nation's capital, a Somali official complained "I only wish they were filled with gunpowder."

The Horn gained added strategic importance for the U.S. due to policy setbacks in Southwest Asia. The fall of the shah of Iran in January 1979 and the Soviet invasion of Afghanistan in December 1979 underscored the U.S. need for regional bases to defend its interests in the Persian Gulf. The U.S. has provided security assistance to Somalia since 1981. This aid is intended for self-defense only, and the U.S. has warned Somalia that another attack on the Ogaden or on Djibouti would lead to its suspension. In return, Somalia gave the U.S. permission for its newly formed Rapid Deployment Force (later renamed the Central Command) to have access to Berbera.

In the Carter and Reagan Administrations, policymaking toward the Horn was complicated by conflicting strategic, human rights and humanitarian concerns. Strategically, the U.S.

Somali refugee camp—will it be permanent?

was anxious to safeguard the shipping lanes and its access to the port of Berbera. It also hoped to see a reduction in Soviet influence in Ethiopia and the removal of 2,500 Cuban troops stationed there.

Another concern was to alleviate famine. The U.S. provided significant emergency food aid to Somalia to feed the refugees from the Ogaden war, and it was the largest single contributor to Ethiopia during the 1984–85 famine. The U.S. remains Ethiopia's largest food donor.

In relations with Somalia, the Administration put strategic interests above human rights concerns and provided both economic and military aid. Relations have become increasingly strained due to President Siad's harsh oppression of his people. His visit to Washington scheduled for June 1988 had to be called off at the last minute because of the fighting in northern Somalia. By late 1988 the Administration was wondering how long the increasingly beleaguered regime would last.

Although it opposed Ethiopia's alliance with the Soviet Union, the Reagan Administration supported Ethiopia's territorial integrity against the claims of Somalia in the Ogaden and the Eritrean secessionists, whom it considered Marxist-oriented.

The Administration rebuked the regime for its ruthlessness and inefficiency and for allowing civilians to starve while it tried to stamp out opposition. President Ronald Reagan said the decision to expel relief workers in April 1988 "leads us to the horrible conclusion that starvation and scorched earth are being considered as weapons to defeat the rebellion."

Americans are divided over how to deal with Ethiopia—whether it would be more effective to isolate and oppose the Addis Ababa government or to give it more help in order to exert influence over its policies. "The problem in Ethiopia is that we have one of the most anti-American governments in the world at its top level [but]... one of the most pro-American populations of any country in the world," according to Paul Henze, a longtime observer of the country. Therefore, a policy of isolation and denunciation might alienate those Ethiopians who would welcome closer ties.

Should food aid be used for political purposes? Some critics claim the Administration did just that during the 1984–85 famine: because it did not want to prop up a Marxist government, it delayed sending help. According to the General Accounting Office, the initial requests for food took an "exceptionally long period of time"—five to six months—to be approved.

The Administration defended its actions, noting that the two countries had no official relations and there was no local AID office to help with logistics. Moreover, the Ethiopian government withheld information and hindered fact-finding, which made it difficult to assess the needs. Once the feeding operation began, AID did a remarkable job, with an unprecedented 97% of food relief reaching the intended recipients.

Some critics would like to see the U.S. recognize Eritrea's right of self-determination and aid it instead of the Mengistu government. Other critics favor the U.S. supplying development aid as well as food aid to Ethiopia. Some development aid is provided by private voluntary organizations (PVOs), which also play an essential role in delivering food. CARE, Inc. (Cooperative for American Relief Everywhere), for example, supports "policy neutral" pro-

The Soviet Role

Soviet interest in the Horn stems from reasons similar to those of the U.S., namely its strategic location. The Soviets initially avoided close involvement with the Derg government. However, the Derg's declared socialist goals and the termination of U.S. military aid gave the Soviets a unique opportunity. In 1978 the U.S.S.R. signed a 20-year friendship treaty with Ethiopia. (Somalia had canceled the Soviet-Somali friendship pact a year earlier.)

By breaking ties with Somalia, the Soviets lost access to Berbera, where they had built a major naval and air base. They gained an alternate anchorage in Ethiopia's Dahlak Islands, 30 miles off the Red Sea coast, as well as access to the ports of Massawa and Asseb. These facilities, along with a naval base on the island of Socotra, part of the People's Democratic Republic of Yemen (South Yemen), have helped the Soviet Union project naval power into the Indian Ocean. Soviet influence in Ethiopia complements the Soviet presence in South Yemen and enables it to dominate the Bab el Mandeb.

The Soviet Union is believed to have provided up to $7 billion in arms to Ethiopia since 1978, but it now appears to be reducing its level of support. There are an estimated 2,500 Cuban troops stationed in the Ogaden (who have not taken part in the Eritrean fighting), as well as 1,400 Soviet military advisers and several hundred East German security personnel who, by all accounts, are very unpopular.

New policies?

The Soviets appear to be frustrated by the continuing conflict in Eritrea and reportedly are encouraging Mengistu to pursue a negotiated solution. Since Ethiopia depends on Soviet support to carry on the war, the U.S.S.R. has significant leverage.

The Soviets are also troubled by the dismal state of the Ethiopian economy and supported the agricultural reforms the Mengistu government made in late 1987.

During the decade that the West was supplying famine relief, the Soviet Union provided virtually no food aid. However, the Gorbachev government in early 1988 agreed to provide Ethiopia with an unprecedented 250,000 tons of wheat that Moscow will have to buy on the world market. (The U.S. in 1988 delivered 271,000 tons of food.)

The future course of Soviet policy is uncertain; however, there are some signs of possible cooperation with the U.S. to encourage economic reform, defuse tension and improve life for the people of the Horn.

grams in Ethiopia in soil and water conservation, forestry and the development of water resources. Some PVOs see development aid as an essential part of famine relief because it attacks a root cause, which is poverty.

Role of Congress

Congress has played an important role in influencing U.S. policy in the Horn, especially regarding hunger and human rights. It prodded the Administration to speed up food deliveries in 1984–85 and appropriated more funds for relief than the Administration requested. Congress has held many hearings on the abysmal human rights record of the Mengistu government and such practices as charging high fees to unload donated food and bartering U.S. aid for Soviet goods.

The Administration and Congress share a similar assessment of the problems, yet disagree over how best to influence regional governments and promote U.S. goals. The Administration is constrained by congressional restrictions that prohibit development assistance (except disaster aid), the sale of any munitions and Export-Import Bank credits for Ethiopia. Ethiopia would become eligible for aid if it paid its outstanding debts. It did agree in January 1986 on a repayment schedule for confiscated American property, but it has so far refused to pay for military equipment delivered to the Haile Selassie government.

Congress has also debated placing mandatory sanctions on trade with Ethiopia but so far has declined to impose them. The Reagan Administration opposed them on the grounds that they would deny the President the flexibility he needs to conduct foreign policy. In addition, sanctions would hurt a U.S. company, Boeing Aircraft, which sells millions of dollars worth of aircraft equipment to Ethiopian Airlines.

Some congressmen, such as Mickey Leland (D-Tex.), favor improving communications with the Mengistu government. They oppose trade sanctions because they would penalize the victims of the government rather than the perpetrator of the crimes.

Other congressmen complain that the U.S. has allowed Ethiopia to exploit its charity; they favor wide-ranging economic and trade sanctions. They reason that it is up to the Soviet Union to bail out its ally, the Mengistu government. Why should the U.S. subsidize a Communist dictatorship at a time when foreign assistance funds are scarce?

In late 1988 legislation sponsored by Representative Toby Roth (R-Wis.) and Senator Jesse Helms (R-N.C.) became law. It requires the President to report to Congress every 90 days on whether the Ethiopian government is continuing specific abuses, such as forced resettlement, and gives the President authority to impose sanctions if the abuses continue but does not mandate them.

Somalia

Human rights organizations have urged the Administration and Congress to condemn atrocities committed by the Siad government. "The U.S. role in providing aid to the military dictatorship of President [Siad] Barre, in the view of many Somalis, makes us culpable for the abusive policies we do not condemn," Aryeh Neier, vice-chairman of Human Rights Watch, testified to Congress in June 1988. He urged a cutoff of military aid, which came to $5 million in 1988. The Administration countered that as long as the fighting continued, it would send no more arms.

Strategic importance

What is the strategic value of the Horn today to the U.S.? On the one hand, an American presence there helps reinforce the U.S. position in the Middle East and offers backup bases that might be necessary in an emergency in the Persian Gulf. The U.S. does not want the Soviets to gain access there at its expense.

On the other hand, the strategic value of the Horn, some critics believe, has been exaggerated. Berbera is mainly of symbolic importance—no Americans live there and the U.S. has spent little to improve the port. With a large base at Diego Garcia in the Indian Ocean, it is questionable how much Somalia contributes to the U.S. defense.

The Horn of Africa is on the list of regional conflicts awaiting discussion at the superpower level. President Reagan appealed to the Soviet Union to help avert a disaster after the expulsion of relief workers. He also raised the subject of Ethiopia with Soviet leader Mikhail S. Gorbachev at the June 1988 Moscow summit, but the Soviets were not ready to discuss it. Both superpowers, however, appear increasingly exasperated with their regional allies and more inclined to push them to negotiate rather than see them settle their internal problems by force.

Increased agricultural production, aided by reforestation, is Ethiopia's hope for the future.

Ties between the U.S. and Ethiopia are likely to remain strained as long as there is a Soviet-supported government in Addis Ababa. Ethiopia, however, counts on American food aid and says it wants better relations. It has been alarmed over congressional attempts to impose trade sanctions and seems willing to make some reforms to forestall them.

★ ★ ★

While superpower tensions may ease, the American commitment to alleviate famine will ensure that the U.S. stays involved in the affairs of the Horn. The U.S. must decide where it stands. "America itself has never really decided on the importance of the Horn," according to Peter Bridges, former U.S. ambassador to Somalia. Has the time come for a reevaluation of the U.S. stake there?

Opinion Ballot
➡ on page 94 ➡

FOR DISCUSSION

1. When there is a conflict between U.S. strategic, humanitarian and human rights objectives, which one should be given greater weight? Should an exception ever be made? Under what circumstances?

2. "In the process of saving millions in Ethiopia, the West may have salvaged Africa's most chillingly brutal regime, thereby giving it the wherewithal to ruin the lives of even more millions," writes journalist Robert D. Kaplan. Do you think it was right for the U.S. to send food aid to Ethiopia? Should the U.S. ever turn down a request for famine relief? Under what conditions?

3. "Ethiopia's revolution is to be praised…[It] has brought to the Ethiopian peasant and proletariat a future, something neither group had prior to 1974," according to Professor Peter Schwab of the State University of New York. The Eritrean People's Liberation Front obviously disagrees with this assessment. Whom should the U.S. support—the Mengistu government or those fighting to overthrow it?

4. Do you believe the U.S. could have more influence on the Addis Ababa government by increasing trade and other contacts or by using economic pressure against it, such as boycotting Ethiopian coffee and other products?

5. How have colonial boundaries affected relations between Ethiopia and Somalia and among groups within each of those countries?

6. The Soviet Union is the major influence on the Mengistu government because it supplies arms for it to battle the Eritrean insurgency. What benefits does the U.S.S.R. get from its support? What advantages would the Soviets gain by reducing tension in the Horn?

7. There is widespread agreement that the Somali government has an abysmal human rights record. Do you think the U.S. should publicly criticize President Siad and withhold funds, or will it get better results through quiet diplomacy?

8. Somalia attacked Ethiopia in 1977, believing it had been weakened by revolution. Iraq followed similar logic in its attack on Iran in 1980. What was wrong with their strategies? Why did both fail?

9. Both the Ethiopian and Sudanese governments have used food as a weapon in their struggle with insurgents. Is such a policy ever justified? Under what circumstances?

SUGGESTED READINGS

Henze, Paul B., "Ethiopia." **The Wilson Quarterly,** Winter 1984, pp. 98–127. Excellent review of Ethiopian history by former U.S. government official.

Kaplan, Marion, "Djibouti, Tiny New Nation on Africa's Horn." **National Geographic,** October 1978, pp. 518–33. A story in pictures about the former French outpost.

Kaplan, Robert D., "The Loneliest War." **The Atlantic Monthly,** July 1988, pp.58–65. Sympathetic portrait of Eritrean struggle by American journalist.

Keller, Edmond J., "Revolution and State Power in Ethiopia." **Current History,** May 1988, p. 217+. The Derg is more interested in pursuing political goals than developing successful economic policies.

Laitin, David D., and Samatar, Said S., **Somalia: Nation in Search of a State.** Boulder, Colo., Westview Press, 1987. 198 pp. $30.50. A good introduction to Somalia, its history, politics, society, culture and economy.

Neier, Aryeh, "Bloody Somalia." **The Nation,** June 25, 1988, pp. 884–85. The executive director of Human Rights Watch urges the Administration and Congress to criticize President Siad publicly.

"Review of Events in Ethiopia." **Department of State Bulletin,** August 1988, pp. 62–67. Statements by U.S. officials detailing rationale for government policy.

Shields, Todd J., "The War on Relief." **Africa Report,** July–August 1988, pp. 17–25. How the battle between the Ethiopian government and rebel forces in Eritrea and Tigre has hindered Western relief efforts.

Thomas, Maria, "A State of Permanent Revolution: Ethiopia Bleeds Red." **Harper's Magazine,** January 1987, pp.53–60. Former Peace Corps volunteer returns to Ethiopia and finds Americans are still popular, Russians scorned.

Wubneh, Mulatu, and Abate, Yohannis, **Ethiopia: Transition and Development in the Horn of Africa.** Boulder, Colo., Westview Press, 1988. 224 pp. $28.00. Evenhanded and comprehensive introduction to Ethiopia and its transition from monarchy to socialism.

For further in-depth reading, write for the Great Decisions 1989 Bibliography (see page 4).

ILLUSTRATION CREDITS: p. 69, UN Photo/Arild Vollan; p. 72, © 1988/Anthony Suau, Black Star; pp. 74 and 75, UN Photo/Peter Magubane; p. 77, UN Photo/Ian Steele.

8.

INTERNATIONAL DRUG TRAFFIC

AN UNWINNABLE WAR?

In August 1988, drug traffickers exploded a bomb along the route of Secretary of State George P. Shultz's motorcade in Bolivia. Shultz was on his way to deliver a speech supporting Bolivia's efforts to crack down on the cocaine trade. Latin American drug bosses have reportedly offered bounties for the assassination of other U.S. officials, including the director of the U.S. Drug Enforcement Administration (DEA) and the mayor of New York City. In October 1988, "Operation Rum Punch II" rounded up members of Jamaican drug gangs, or "posses," believed responsible for at least 1,400 homicides in the U.S. in the last three years.

Crime and violence, both by addicts who need money to buy drugs and by drug sellers protecting their profits, are on the rise. The assault on U.S. citizens by drug traffickers is escalating, as these random incidents illustrate. Is the U.S. "war on drugs" meeting this challenge?

For Americans drug trafficking is a major foreign policy concern. A 1988 "Americans Talk Security" poll of registered voters found that 86% considered it to be a very serious threat to national security, and 41% indicated that "combating international drug trafficking" was the most important or second most important goal of national security. As the survey shows, illicit drug traffic is an international problem that touches people directly, more perhaps than any other single foreign policy issue. Approximately 50% of all Americans say they have known someone with a drug problem, and growing numbers have been victims of such drug-related crimes as assault, larceny and murder.

A Colombian farmer spreads out harvested coca leaves at an open-air laboratory.

The U.S. demand for illicit drugs—to the tune of $100 billion worth a year—fuels the international drug trade. An estimated 5 million to 6 million Americans regularly use cocaine, 500,000 use heroin and 18 million smoke marijuana. According to a 1986 report by the National Institute on Drug Abuse, more than 20 million Americans experimented with cocaine in 1985, and 250,000 eighteen-to-twenty-five-year olds used the drug weekly. A survey of women having babies at 36 hospitals around the U.S. reported that on average 11% had used drugs, most commonly cocaine, during pregnancy.

Recent years have seen little change in the number of heroin addicts, and marijuana use is declining. The number of high school students smoking marijuana is said to be at a 10-year low. Although fewer high school students appear to be using cocaine, there has been an increase in the number who have tried its derivative "crack" (an inexpensive, highly addictive, smokable form of cocaine).

Cocaine's popularity across class boundaries differentiates it from heroin, which is primarily used by urban poor. Although at the beginning of its most recent wave of popularity cocaine was considered a white-collar drug because only the wealthy could afford it, increasing supplies have brought down the price. Today the drug is available to all income groups.

Cocaine, in contrast to marijuana, is highly addictive and causes severe side effects: one "hit" during pregnancy can damage the fetus; one "hit" can trigger a heart attack and result in quick death. These distinctions help account for recent changes in public attitudes toward drug use by the middle and upper classes and by high school students. The deaths of well-known athletes, such as Len Bias, undoubtedly contributed to the turnaround. The number of students who believe that cocaine presents high risks, even if used only once, has increased dramatically.

Drug trafficking cannot be stopped without the support of the public, including those who create a demand for drugs. How can demand be curbed? There is no quick solution to the problem of drug trafficking. Are there any long-term remedies?

The supply side

AN ESTIMATED 80% of the illicit drugs consumed in the U.S. originate in foreign countries, primarily in one of three regions: Latin America, including Mexico and the so-called Silver Triangle of Bolivia, Colombia and Peru; the Golden Triangle in Southeast Asia, encompassing parts of Burma, Thailand and Laos; and the Golden Crescent in Southwest Asia, including parts of Pakistan, Afghanistan and Iran. However, drug producers, processors and traffickers operate in many other countries. When their operations are closed down in one place, they move on to another. Some countries serve as transit points for drug smugglers; others as financial centers or laundering points.

The production cycle

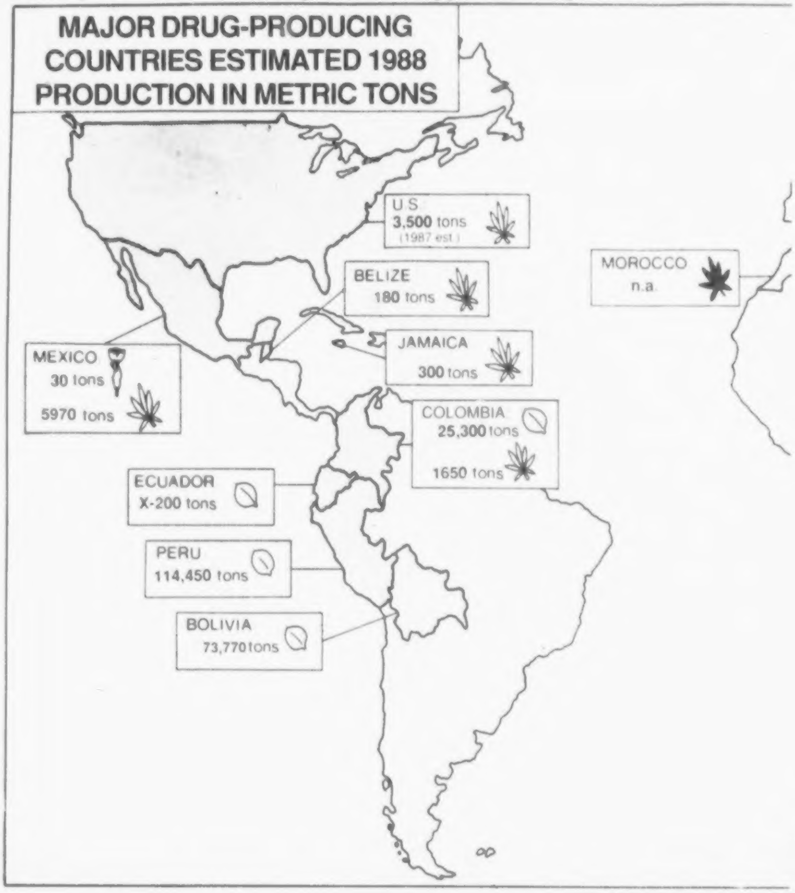
Marijuana and **hashish** are both products of the hemp plant, *Cannabis sativa*. Marijuana, which is less potent (and less expensive) than hashish, is obtained from uncultivated plants, whereas hashish is a resin extracted from cultivated plants grown in hot, humid climates. Of the estimated 6,000–9,000 metric tons of marijuana consumed annually in the U.S., 30% is grown in Mexico and 33% in Colombia; Jamaica and Belize also supply the U.S. market. The remainder is grown in the U.S. Little processing is involved in producing marijuana; the leaves and flower buds are dried and packaged.

Opium poppies are principally grown in Pakistan, Mexico, Burma and Afghanistan. The liquid from the green pods is processed into **morphine,** which is further processed into **heroin.** The resulting white powder is shipped in a pure form, then combined with inert substances such as milk sugar before being sold on the street. The U.S. annually consumes an estimated 6 metric tons of heroin. (**Codeine,** a painkiller, is also produced from opium.)

Bolivia and Peru are the main sources of the coca leaves used to make **cocaine** and **crack,** a prevalent form of cocaine. Though Colombia grows some coca, it mainly processes it. Andean peasants have used unprocessed coca leaves for centuries: chewing the leaves or drinking tea made with coca provides a mild stimulant and quells hunger pangs. To produce cocaine, the leaves are dried and then converted by the farmer into a paste. The coca paste is then brought to a "laboratory" (often just a crude structure that can be easily abandoned in the event of police raids) where it is processed into the white cocaine powder that is exported. Like heroin, the exported cocaine is pure; once it reaches its destination, however, the "retailer" cuts it with inert material, vastly increasing the amount to be sold on the street (and increasing its value). In 1987, as little as $500 would buy enough coca paste to refine into one kilo (2.2 pounds) of cocaine, which was worth as much as $6,000 when it was exported. Annual U.S. consumption of cocaine is estimated at 70–90 metric tons. An increase in the production of cocaine has created a glut, radically reducing cocaine's wholesale price: in Miami, Florida, a kilo cost $50,000 in 1982 and between $8,500 and $14,000 in 1988. New markets are springing up for cocaine derivatives crack and a crude form of crack called *bazuco*, which is highly addictive and inexpensive and is sold in the Third World.

In transit

Getting drugs to the consumer involves varying amounts of risk and difficulty, depending on the size of the shipment, the distance from source to customer and legal barriers. Marijuana is fairly bulky and is not shipped in a "concentrated" form, as are cocaine and heroin. In addition, the profit margin is much smaller for marijuana, which means traffickers are less willing to take risks in transporting it. Mexico, which shares a long, relatively porous border with the U.S., is now a major supplier of marijuana to the U.S. In the


MAJOR DRUG-PRODUCING COUNTRIES ESTIMATED 1988 PRODUCTION IN METRIC TONS

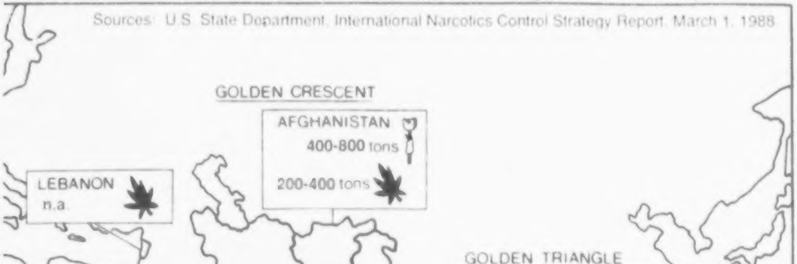
late 1970s and early 1980s, Mexico succeeded to some extent in controlling its production of marijuana and opium by destroying crops. Since then, the downturn in the Mexican economy, triggered in part by the drop in the price of oil, has led many growers once more to turn to drug production.

Countries on drug transit routes—such as Mexico, Panama and the Bahamas for South American drugs, Thailand for Golden Triangle heroin and India, Nigeria and Turkey for heroin from the Golden Crescent—experience some of the same problems dealing with drug traffic as do the drug-producing countries. Drug traffickers bribe local officials—customs inspectors, police, airport security—in order to ply their trade without interference. Many traffickers pay off local people with drugs, which spreads addiction and the crimes associated with it. Because the corruption and bribery connected with the drug traffic often reach into the top echelons of government, it is difficult to close down transit routes. When one transit route is closed, another opens up to replace it because profits are so high.

Clean money

For laundering and storing their huge illicit profits, drug traffickers rely on a few countries that do not closely regulate or supervise banking operations. Most heroin proceeds are laundered in Hong Kong, while the "laundromats" favored by Latin American drug dealers are Panama, the Bahamas, the Cayman Islands and the Netherlands Antilles. Numbered Swiss bank accounts also attract drug dollars.

By laundering money, drug traffickers hope to make it difficult for police, narcotics or tax officials to trace its origin and ownership. At the same time, they want ready access to the money. Some countries, such as Peru and Colombia, badly need foreign currency to service their foreign debts. One way to get it is to allow banks to accept large deposits, no questions asked. Banks in other countries have long provided discreet banking services, for a price.



Sources: U.S. State Department, International Narcotics Control Strategy Report, March 1, 1988

Adapted from Cultural Survival Quarterly, Vol. 9, No. 4: 1985, pp. 6–7.

In the U.S., banks are required to report to the Internal Revenue Service any cash deposits of more than $10,000, which has discouraged but not eliminated money laundering. In October 1988, an undercover operation by the U.S. Customs Service resulted in the indictment in Tampa, Florida, of a Luxembourg-based bank (Bank of Credit and Commerce International S.A.) for laundering $14 million in drug proceeds from seven U.S. cities.

A 'successful multinational'

For poor countries with enormous foreign debts, narcotics exports can be an important source of revenue. Peru's President Alan García has described the drug business as "Latin America's only successful multinational." In 1987, roughly half of South America's gross earnings from cocaine sales went to Colombian dealers and one quarter each to Peruvian and Bolivian dealers. Only about half of the gross is returned to the country; the traffickers put the rest in foreign banks and foreign investments.

It is difficult to know exactly how important drugs are to a country's economy, since the illegal earnings are not recorded and are not calculated in government figures on exports. But *The Economist* (London) estimates that in 1987 income from narcotics was equal to 13.5% of Colombia's legal exports, 14.5% of Peru's and 75% of Bolivia's. One estimate suggests that as much as $2.5 billion to $3 billion in drug profits is repatriated annually to Colombia, as compared to the $2 billion to $2.5 billion a year earned by coffee.

The narcotics industry is an important source of jobs in areas with high levels of unemployment. The Bolivian government estimates that 500,000 of its work force of 1.7 million are employed in the cocaine trade, either growing, processing or transporting some form of coca. Many poor farmers find the lure of growing illicit drug crops difficult to resist. Coca can be grown in poor soil, the plants mature quickly and last for approximately 30 years, and the leaves can be harvested up to six times a year. Many cash crops such as rubber or coffee require two or three years to mature before they can be harvested, and, unlike coca, require care and attention. The rewards for growing legal crops do not match the effort required: a farmer growing coffee can expect to make $520 per acre annually, compared with $1,030 per acre for coca. Although transporting the coca from the remote areas where it grows is difficult and expensive, the high price the crop commands offsets the cost.

Although illicit crops are a source of jobs, they have many harmful effects on developing countries. The higher earnings from illicit crops draw farmers and field-workers away from growing food. Because less food is grown, prices rise and the poor eat less, which results in malnutrition. In addition, many indigenous peoples are being forced off the land in remote areas by drug traffickers who want more acreage for coca crops.

If drugs are so profitable, why would Third World countries want to outlaw them? One reason is pressure from the U.S. The U.S. has obtained extradition agreements with a number of countries under which they agree to return persons in their custody to the U.S. to stand trial for crimes covered by U.S. jurisdiction. (The U.S. believes drug traffickers tried in the U.S. are more likely to serve time in prison if convicted.) Although many foreign countries object to extradition as an infringement of their sovereignty, they comply because they are afraid of losing U.S. military and/or economic aid or trade preferences. Smaller countries, such as Bolivia and Honduras, rely most heavily on U.S. aid or loans and are most vulnerable to pressure.

The most compelling reasons, however, to eliminate the drug traffic in Third World countries are domestic: the increase in drug abuse at home and drug-related political murders and corruption. One dramatic example is Colombia (see next page), where an estimated 300,000 people are addicted to cocaine, mostly bazuco. Since 1985, drug traffickers have been responsible for the assassinations of Colombia's minister of justice, its attorney general, scores of journalists, some 50 judges and hundreds of policemen.

Eliminating the source

The two methods used most often to curb drug production are crop eradication and crop substitution. In crop eradication programs, a country sends workers, often members of the military, to areas where illicit crops are grown. They destroy the crops, either by pulling them out by the roots or by spraying the plants with herbicides. When planes are available, aerial spraying is used.

The use of chemicals in crop eradication has provoked controversy. In the late 1970s, Mexico used paraquat on marijuana crops. Some of the marijuana was harvested and sold in the U.S., where it caused health problems for those who smoked it. Recently, two U.S. chemical companies announced they would no longer sell the U.S. government herbicides to destroy coca plants for use in Latin American crop eradication programs. In addition to fearing legal liability, some chemical company officials reportedly are afraid of attacks by drug traffickers on their plants and employees.

Environmental groups oppose crop spraying for different reasons, including the drastic effects on other vegetation and water supplies and the people and animals who feed on them. The State Department contends that the coca growers are doing far more damage to the environment by clearing land (for which they also use herbicides) to plant their illicit crops.

In crop substitution programs, farmers are offered financial incentives to switch from illegal to legal crops. These programs have had limited success. Once the payments stop, many farmers resume growing the illicit plants, which are more profitable. Because it is impossible to enroll all farmers simultaneously in the program, while one farmer is planting a substitute, his neighbor may decide to pick up the slack and plant coca, or poppies or marijuana.

Undertaking an antidrug program involves political as well as economic costs. By cooperating with the U.S. and destroying crops, a government risks antagonizing the peasants who may then throw their support to antigovernment guerrilla groups or insurgents.

Support of drug eradication can be risky for governments for other reasons. Strong pro-drug lobbies in some countries have the capacity to threaten political stability. In Bolivia, for example, the Bolivian Workers Union with 1.3 million members lobbies on behalf of the coca farmers against crop eradication programs.

In some countries, such as Colombia and Bolivia, drug traffickers have won popular support by sponsoring public works, such as housing projects. Drug traffickers have also run campaigns promoting the notion that drugs are a U.S. problem that should be solved in the U.S., and that Washington's supply-side efforts such as extradition and crop eradication violate their nations' sovereignty.

Thailand and Malaysia require the death penalty for anyone convicted of drug trafficking. In spite of well-publicized executions of nationals and foreigners, the death penalty does not seem to have deterred drug traffickers, only made them more cautious.

Legislation against drug trafficking is only as good as a country's law enforcement capabilities. The financial resources available to drug traffickers make bribery easy, and when that fails, threats can eventually wear down even incorruptible people. The choice in Latin America is called *plata o plomo*—silver, meaning a bribe, or lead, meaning a bullet.

Guerrilla connection

The nature of the relationship between drug traffickers and left-wing terrorists in Latin America was one that worried the Reagan Administration. In a 1988 speech in Bolivia, Secretary of State Shultz asserted there was a "criminal conspiracy" between drug traffickers and guerrillas and called it a threat to democracy. There is little dispute that the traffickers and leftist guerrillas both hold anti-American views, in the traffickers' case because they object to U.S. interference in their business and efforts to extradite them; in the guerrillas' case, for ideological reasons. Some traffickers buy protection from the guerrillas, who often operate in the same remote areas where coca is grown. In return, the guerrillas get money and weapons.

In spite of the instances when guerrillas and traffickers have worked together, their relationship is generally antagonistic. As large landowners and businessmen, some cocaine barons have waged war against the guerrilla organizations. They do not want to overthrow the government: the last thing they want is a Communist government. According to Rensselaer W. Lee III, an authority on the cocaine trade, in an article in *Orbis*, "the co-

Colombia: A Case History

In the mid-1970s, the U.S. was concerned about the amount of heroin and marijuana crossing its border with Mexico. At that time, Mexico supplied 70% of the marijuana consumed in the U.S. and 90% of the heroin. Colombia's role in drug trafficking was limited to exporting some marijuana. As the U.S.-Mexican drug crackdown, centered around an intensive eradication program, began to produce results, and U.S. consumption fell because marijuana smokers were afraid of paraquat, Colombia seized the opportunity to export more marijuana and small quantities of cocaine to the lucrative U.S. market. Cocaine at first was transported to the U.S. by "mules," people carrying a pound or two concealed on their person, using regular airline flights.

As U.S. demand grew, various Colombian groups fought over who would be in charge of cocaine distribution in the U.S. Florida, because of its location in the Caribbean, its long coastline and its accessibility to large numbers of small planes and boats, was a popular destination for smugglers. It also became the main distribution point for the U.S. The high level of violence between rival Colombian suppliers in South Florida in the period from 1979–82 earned the sobriquet the "cocaine wars."

By 1986, Colombia was supplying 80% of the 125 metric tons of cocaine imported by the U.S. The mules were replaced by a modern transportation system organized by Colombian Carlos Lehder Rivas, who began using planes to ship larger and larger quantities. The prosecutor at his 1988 trial said Lehder "was to cocaine transportation what Henry Ford was to cars."

Medellín cartel

Colombian drug barons like Lehder control not only transportation but all stages of cocaine production, from cultivation to sale, which allows for great efficiency. The largest and best known of the groups of traffickers is the Medellín cartel, named for the Colombian city in which it is based. Although it is a cartel in the sense that by cooperating the traffickers have been able to restrict competition, the alliance is a loose one, whose members have been unable to control the supply of cocaine in order to keep the price high.

The Medellín cartel grew out of a guerrilla kidnapping. When the sister of two traffickers was abducted by the leftist guerrillas of the April 19th Movement (M-19) in 1982, over 200 Colombian traffickers, afraid that their increasing wealth would make them targets for kidnappers, met and formed an organization called Muerte a Secuestradores (Death to Kidnappers). For three months, until they released the woman, members and relatives of members of M-19 were terrorized or killed.

The drug traffickers, working together, at first encountered few obstacles in supplying a burgeoning U.S. demand. The political climate in Colombia was congenial. By using a combination of bribes and threats, they were safe from imprisonment. But in 1981 an extradition treaty between Colombia and the U.S. was ratified and for a brief time drug leaders were fearful of losing their immunity to U.S. prosecution. If extradited to the U.S., they could not count on being able to buy their freedom.

Colombian President Belisario Betancur Cuartas, who took office in 1982, was strongly opposed to narcotics trafficking but believed that the extradition treaty violated Colombia's sovereignty and therefore was thought unlikely to approve any extraditions during his four-year term. Betancur appointed as minister of justice Rodrigo Lara Bonilla, a strong supporter of antidrug policies. In 1984, Lara Bonilla ordered a police raid on Tranquilandia, the Medellín cartel's huge laboratory complex that was producing over 3 metric tons of cocaine a month. The police seized 13.8 metric tons of cocaine worth $1.2 billion, as well as arms, chemicals needed to process cocaine, and airplanes. The month after the raid, Lara Bonilla was assassinated.

Betancur, incensed by the increasing violence and its impact on government, signed the first extradition order. It was for Lehder. (Lehder was extradited from Colombia in 1987, convicted in Florida of drug smuggling and sentenced to life plus 135 years. Some believe he was betrayed by other members of the Medellín cartel.) The ensuing crackdown on drug traffickers forced many of them into exile, and the processing labs were moved to neighboring countries.

Soon after Lara Bonilla's assassination, some cartel leaders who had sought refuge in Panama met with former president of Colombia Alfonso Lopez Michelsen. They offered to get out of the cocaine business, return their profits to Colombia and join the government in fighting drug trafficking, in exchange for amnesty from prosecution and promises that they would not be extradited to the U.S. The Colombian government refused, and the extraditions continued.

Palace of Justice massacre

In November 1985, M-19 guerrillas occupied Colombia's Palace of Justice and murdered 11 Supreme Court justices. In all, 95 persons were killed before the siege ended. Many people believe that the Medellín cartel paid the guerrillas to disrupt the court because the justices were about to discuss the extradition treaty. During the occupation, the guerrillas destroyed extradition case files.

In June 1987, the Colombian Supreme Court, evidently fearing reprisals from drug traffickers, overturned the extradition treaty with the U.S. A total of 15 drug traffickers had been extradited since 1984. It is doubtful that Colombia's current president, Virgilio Barco Vargas, can muster the support he needs to reinstate the treaty.

Another Colombian cartel, based in the city of Cali, keeps a much lower profile than the Medellín group. In the past, the Cali cartel supplied the large New York City market, while the Medellín cartel was active in Florida, California and Europe. Although they have cooperated in the past, the glut in the supply of cocaine has forced the groups to fight over markets.

caine traffickers' vast financial resources, military and logistical capabilities, and power to corrupt represent a challenge to government authority—but not an ideological challenge to democracy."

Where drug traffickers ally themselves with right-wing guerrillas, such as the contras in Nicaragua, they indirectly benefit from U.S. protection. In this case as well, the guerrillas' motive for cooperating with the traffickers is money and weapons.

Outlook: grim

Current political turmoil in three countries that are important sources of narcotics could add greatly to the global drug traffic in coming months.

Afghanistan, already the largest grower of illegal opium in Southwest Asia and second only to Burma in the world, could become an even larger source. As Soviet forces withdraw from Afghanistan and fighting ebbs after almost nine years of warfare, full-scale cultivation of opium poppies could resume.

Burma, the largest producer of illegal opium, has cooperated actively with the U.S. to eradicate crops, destroy laboratories and intercept opium in transit. However, poppies are grown in areas that are controlled by antigovernment guerrillas.

In **Pakistan,** too, opium is grown in an area where the government has little say, the North-west Frontier province, which is controlled by Pushtun tribesmen. In addition to producing opium, Pakistan is a major processing and transit site. In the aftermath of President Zia ul-Haq's death in August 1988, the newly installed government is likely to be preoccupied with the transfer of power and will not be ready to undertake any new antidrug initiatives for some time.

Even if these three countries are able to keep drug production in check, there is the danger that others will get into the business. A chronic problem in getting governments to implement antidrug programs is that successful programs have often had the unfortunate side effect of spreading the business to other areas. With the help of a United Nations-funded program, Thailand successfully persuaded its farmers to replace poppies with cash crops such as coffee and soybeans. However, the supply of opium was not affected. Increased production across the border in Burma made up the difference.

When Mexico undertook its successful program to eradicate its opium and marijuana crops, Colombia took over as supplier to the huge U.S. market, first in marijuana, then cocaine. A crackdown by the Colombian government, in turn, led to an increase in drug activity in neighboring regions. Brazil, for example, which had not had a problem with drug activity, quickly became an important processing center and transit point.

Cutting down on the supply of drugs from foreign countries can also prompt the development of domestic sources of drugs. The marijuana industry in the U.S. grew after a successful Mexican eradication campaign. A recent report in *The New York Times* described the resurgence in popularity in the U.S. of methamphetamine, or speed, which is easy and inexpensive to produce domestically.

An old war

CHINESE WORKERS who came to the U.S. in the middle to late 1800s to work on the railroads brought with them the habit of smoking opium. The first antidrug laws in the U.S. therefore dealt with opium. They were fueled as much by xenophobia as by fear of addiction. San Francisco outlawed opium dens in 1875, and many states followed suit. In 1887 the Federal government barred Chinese citizens—but not Americans—from importing opium for smoking. The ban and an increase in the tariff on opium did nothing to decrease demand; they simply created a market for smuggled opium.

The opium the Chinese railroad workers brought to California had been introduced to China by Britain in the late eighteenth century. Britain traded opium, grown in its colony of India, for Chinese silk and tea. Although China passed laws prohibiting the import of opium, the government was unable to keep the drug out. By 1906, 13 million Chinese were addicted. Under pressure from the U.S. and others concerned at the toll opium addiction was taking on China, Britain agreed to reduce India's opium exports to China by 10% a year. At the same time, the Chinese government launched an anti-opium crusade which relied heavily on turning public opinion against the drug. Nationalist, anti-imperialist groups successfully promoted the idea that drugs were weakening China and that fighting imperialism meant fighting opium.

The first major assault on narcotics consumption in the U.S. was the Pure Food and Drug Act of 1906. Until that time, opium derivatives had been widely used in the U.S. During the Civil War, doctors freely administered the painkiller morphine on the battlefield, leaving thousands of soldiers addicted. In addition, doctors frequently prescribed opiates to relieve symptoms and suffering. Cocaine was popular as a treatment for hay fever and was also considered helpful in treating alcohol, morphine and opium addiction. Opiates were also an important ingredient in the widely available patent medicines. The Pure Food and Drug Act required that patent medicines list narcotic ingredients on labels. The result was a dramatic drop in sales.

Though the legal consumption of opiates fell, illegal drug use was on the rise, and by 1914 there were 500,000 to 1 million addicts in the U.S. That year the U.S. Congress enacted the Harrison Narcotic Act, the basis of U.S. antidrug policy until 1970. The act required those selling or dispensing drugs to register with the government and pay an annual tax. Responsibility for enforcing the law was assigned to the Commissioner of Internal Revenue.

Marijuana was not covered by the Harrison act, but by 1937, the year the Marijuana Tax Act was passed by Congress, every state had laws barring its use.

Over the years, most of the government's emphasis was on slowing or stopping the supply of drugs entering

Soldiers chop down opium poppies in Thailand during an eradication campaign.

the country. Little attention was paid to the demand side of the problem until the 1960s, when there was a new surge in drug abuse, and Congress passed the Narcotic Addict Rehabilitation Act. Lawmakers were beginning to recognize that reducing the demand was important to the control of drugs.

In 1968 Congress began reorganizing Federal antidrug enforcement efforts. With the creation of the Bureau of Narcotics and Dangerous Drugs in the Justice Department, that department took over from Treasury the major role in drug law enforcement. The Controlled Substances Act of 1970 consolidated "diverse laws," including the 1968 plan reorganizing Federal drug law enforcement efforts. In 1973 the Drug Enforcement Administration in the Justice Department was created "to lead the war against illicit drug traffic." Since 1982 the Federal Bureau of Investigation (FBI) has shared jurisdiction with the DEA.

Despite repeated reorganizations, responsibility for the antidrug effort is still spread over some 32 agencies and some 30 congressional committees, often resulting in confusion and inefficiencies. After President Ronald Reagan rejected legislation to create a Cabinet-level position of "drug czar" to oversee all antidrug efforts, Congress in 1985 created the National Drug Policy Board, headed by the attorney general, to help coordinate U.S. policy and antidrug operations. (Vice President George Bush headed the National Narcotics Border Interdiction System, which coordinates Federal interdiction efforts.) The new drug act of 1988 provides for a drug czar, but it is not yet clear what the duties of the office will be.

Current policy

During the Reagan Administration spending on drug law enforcement more than tripled, from $800 million in fiscal year (FY) 1981 to $2.5 billion for FY 1988. The Administration emphasized the supply side in its war on drugs; more than 70% of 1988 Federal antidrug spending was for law enforcement programs, crop eradication in drug-producing countries and interdiction—stopping the flow of drugs before it enters the U.S.

The Coast Guard is in charge of stopping drug imports, mostly marijuana, by sea. The U.S. Customs Service has jurisdiction inside the U.S. This includes responsibility for enforcing the policy of "zero tolerance," adopted in 1988 to reduce recreational use of drugs. Under the program, the customs agents, with "probable cause," can confiscate boats and other vehicles when they find even minute amounts of illegal drugs. The Immigration and Naturalization Service also plays a role in drug interdiction along the Mexican and Canadian borders. Its annual catch, however, is much smaller than that of the other two agencies. Legislation passed in 1988 gives the military an expanded role in antidrug surveillance.

A comprehensive antidrug law passed by Congress in October 1988 shifted priorities from the supply to the demand side. Spending on drug education and treatment will increase from about 25% of the Federal antidrug budget to 50% in FY1989 and 60% in following years. In addition, the law established a comprehensive set of penalties for so-called recreational drug users, who are estimated at 23 million in the U.S. Enforcement of these penalties is expected to be difficult; it remains to be seen whether the rules will discourage casual users.

One of the most controversial provisions of the law permits, but does not require, the death penalty for anyone who kills a policeman during a drug-related crime or for murderers who have been involved in at least two drug-related crimes.

The bill authorizes $2.8 billion to be spent on antidrug efforts for FY1989, but only $506 million has been appropriated for spending thus far. If Congress had appropriated any more, the Federal deficit would have exceeded $146 billion, which would have required cuts in domestic programs or in military spending under the 1985 Gramm-Rudman-Hollings act.

Conflicting objectives

Stopping international drug trafficking is *a* major goal of U.S. foreign policy. Should it be *the* most important? Should the U.S. declare the "war on drugs" an all-out war or should it allow other foreign policy objectives to take priority?

Under the provisions of the 1986 Anti-Drug Abuse Act, the U.S. makes an annual review of the antidrug policies of countries where drug traffickers operate. The list of countries is compiled by the State Department. If these countries are to receive aid and loans from the U.S., the President must certify that they have made efforts to restrict the drug trade. Some countries have been certified even though they have made no dent on drugs. The U.S. has winked at their activities because other foreign policy objectives were at stake.

In 1988, **Mexico** was listed by the State Department as "the largest single country source of heroin and marijuana entering the U.S." The increase in Mexico's heroin exports is due in large part to the development of a cheaper, much more potent form of heroin called black tar. Yet President Reagan certified Mexico in 1988, albeit with a caution that cooperation on narcotics control "needed major improvement." Mexico had been less than cooperative in the U.S. investigation of the 1985 torture-murder of U.S. drug agent Enrique Camarena Salazar. In 1988, a Los Angeles Federal court found three men, including a former member of the Mexican state police, guilty of conspiring and taking part in the kidnapping, torture and murder of Camarena and his pilot.

The biggest barrier to increased cooperation on drug policy, according to the U.S. Customs Service, is high-level corruption in the Mexican government. However, denying certification and imposing economic sanctions, such as voting against multilateral bank loans and refusing to give Mexican exports preferential treatment, would certainly have an adverse effect on the whole range of U.S.-Mexican relations, not to mention the Mexican economy, and would probably have little impact on corruption. The U.S. recognizes that Mexico does cooperate on many antidrug programs; this common effort would be jeopardized if certification were denied.

Reagan also gave **Laos** a national interest certification in 1988. Not only is Laos growing increasing amounts of opium and marijuana, but evidence suggests that the government is actively encouraging the illicit drug business. In this instance Washington's overriding foreign policy objective was to obtain Laos' cooperation in the search for Americans missing there since the Vietnam War.

The Bahamas has cooperated with the U.S. on drug policy—new banking regulations have made it harder to launder money—and was certified in 1988. However, allegations of government corruption and involvement in drug trafficking have raised the question of whether the government's antidrug efforts are sincere or merely a smoke screen to cover its complicity in drug trafficking.

The U.S. suspended aid to **Haiti,** which has become increasingly popular with drug traffickers as a transit site, but drugs were not a major factor in that decision. The U.S. cut off $70 million in aid after presidential elections, Haiti's first in almost 30 years, were halted in November 1987 when gangs of soldiers and thugs massacred people trying to vote. Political turmoil and lack of funds have made it impossible for the present government of Lt. Gen. Prosper Avril to control drug trafficking.

General Manuel Antonio Noriega

Before the U.S. resumes aid, it wants to see democratic reforms in place. Although Avril has said he wants to make possible "irreversible democracy" in Haiti, no real progress has been made.

Probably the most complicated example of conflicting U.S. objectives can be found in the case of **Panama,** a long-time U.S. ally, and its leader, Gen. Manuel Antonio Noriega, head of the Panama Defense Forces. In February 1988, Noriega was indicted by Federal grand juries in Miami and Tampa on charges of drug trafficking, money laundering and racketeering. The U.S. had been aware of Noriega's role in the drug business as early as the mid-1970s. However, U.S. concern for maintaining stability in Panama and the Canal Zone outweighed U.S. concern with eliminating the drug activity. Also, Noriega was an informer for the Central Intelligence Agency and permitted it to operate a listening post in Panama covering South and Central America. When Lt. Col. Oliver North, a junior member of the National Security Council staff, and Maj. Gen. Richard Secord needed a base for training soldiers and a place to set up dummy corporations to fund the Nicaraguan contras, it was only natural for them to turn to Panama.

Noriega did provide some assistance to the U.S. on drug matters, sometimes turning in drug traffickers to the U.S. or letting the DEA know about drug shipments bound for the U.S. But at the same time, Noriega was cooperating with Colombia's Medellín cartel and accepting large bribes for his assistance. It is not clear whether the DEA realized that Noriega was playing both sides. In 1985, Senator Jesse Helms (R-N.C.) proposed legislation cutting off aid to Panama. Helms was persuaded to withdraw the legislation because of Noriega's assistance to the contras.

During the summer of 1987, Col. Roberto Diaz Herrera, former second-in-command of the Panama Defense Forces, leveled several charges against Noriega. Diaz accused Noriega of fraud in the 1984 presidential election. He also implicated Noriega in the 1981 death of Panama's president Gen. Omar Torrijos, which was thought at the time to be accidental, and in the death of a political opponent, Dr. Hugo Spadafora, who had accused Noriega of drug trafficking. Diaz' accusations led to public demonstrations in Panama calling for Noriega to step down.

The U.S. began to rethink its support for the regime: Noriega, it was clear, had no intention of restoring democracy, as called for in the 1977 Panama Canal Treaties; he was selling technology to the Eastern bloc and assisting the Sandinista government in Nicaragua. José Blandón, Panama's consul general in New York, made arrangements with Washington to give Noriega immunity from Federal prosecution if he agreed to resign. He refused. Under pressure from the U.S., Panamanian president Eric Arturo Delvalle Henríquez fired Noriega in February 1988. The next day Panama's National Assembly replaced Delvalle. In the following months relations between the U.S. and Panama steadily deteriorated and are today at a low ebb.

Another case of conflicting objectives involves the Nicaraguan contras and the Medellín cartel. In 1984, Jorge

Luis Ochoa, one of the leaders of the Medellín cartel, was taken into custody in Spain. According to a report in *The Nation*, the DEA told him that it would arrange for his release if he agreed to implicate the Sandinistas in drug-smuggling operations, but he refused, saying the Sandinistas were not involved. Months later, Spain refused the U.S. request to extradite him because of the political nature of the request and sent him to Colombia, where he was wanted on charges of fraud relating to the sale of a prize bull. Once in Colombia, Ochoa was "mistakenly" released.

Policy options

There are a number of ways to approach the problem of curbing the supply of illicit drugs. Each has some advantages and some drawbacks. Among the most discussed options are:

☐ **Put pressure on the producer countries.**

Those advancing this approach argue that the only way to stop the drug traffic is to eliminate the source. The U.S. has leverage with those countries, namely aid and trade, and it should be prepared to use it. If drugs are made less available, the price will go up, reducing the number of users.

Others point out that it is not the supply but the demand that fuels the drug trade. Cutting off one source will just force the traffickers to find another. Moreover, forcing producer countries to eradicate crops and extradite their citizens will hurt fragile economies and jeopardize stability, in addition to harming relations with the U.S. Furthermore, demand for drugs has proved to be relatively unaffected by price increases.

☐ **Increase the role of the U.S. military in interdiction.**

Drug trafficking poses a threat to national security, and the U.S. military is better equipped to handle such a threat than civilian agencies, according to one school of thought. The armed services have the means, including advanced intelligence capabilities and know-how, to mount a full-scale war on drugs.

Others disagree. Drug trafficking, they say, is not a military problem, and to empower the military to arrest civilians is anathema to a democratic society. The military should be left to do what they do best, protect the nation's security.

☐ **Increase aid to producer countries for antidrug programs.**

Crop eradication programs have proved an effective means of reducing the supply of illicit drugs in Mexico and elsewhere. Therefore, many recommend that the U.S. give producer countries equipment and financial assistance to carry out programs. Since fighting the drug traffic isn't a top priority for many poor Third World countries, they need to be given financial incentives and rewards to cooperate with the U.S.

Others disagree with the supply-side emphasis. No matter how much money or how many people the U.S. commits to the problem, there isn't enough to stop the drug traffickers. (It only takes 25 to 75 acres of opium poppies to supply the entire U.S. heroin habit for a year.) The U.S. should stay out of the internal politics of other countries, including giving assistance for crop eradication. Destroying illicit crops creates animosity between peasant farmers and the government and military, which can lead to instability. And, in some cases, governments have used eradication equipment, such as helicopters, to wage war against tribal groups who oppose government policies.

☐ **Increase aid in general to producer countries.**

Supporters of this option believe that a concerted effort to relieve poverty and promote economic development in producer countries is necessary if these countries are to stop the drug traffic. They propose that all developed countries affected by drug abuse contribute.

Opponents believe that this type of plan would reward drug trafficking and would encourage countries to take part in the drug trade in order to qualify for aid.

Demand side

Many in producer countries (and in user countries) believe that "wars" on drug supplying are futile without a real attack on demand. Without a reduction in demand, they say, drug traffickers, who are very adaptable, will shift production sites and transit routes—in effect play hide-and-seek—in order to satisfy their customers' demand and their own greed. Debate has centered on two options:

☐ **Legalize drugs in the U.S. and encourage international legalization.**

The laws making drugs illegal have created the enormous black market that currently fulfills the demand for illicit drugs. If the production, sale and use of currently illegal drugs such as cocaine, heroin and marijuana were made legal, the drug traffickers' organizations would collapse. Government-regulated stores could sell standard quality drugs to the public, and the taxes on the drugs could be used to finance drug-treatment centers. Legalization would shift drugs from a law-enforcement problem to a public-health issue, taking the profit away from the criminals. The courts and jails, currently overwhelmed with drug cases, would be freed to deal with other issues.

Economic arguments may make sense, but health and moral questions far outweigh economics, according to critics. No one can predict how many more people would become addicts if drugs were legalized. The health system is already overburdened, with waiting lists to get into treatment programs, a nursing shortage, etc. Proponents of legalization make a comparison with alcohol when Prohibition ended. But cocaine's side effects and addictiveness are much more severe than those of alcohol. Would the public be willing to increase drastically expenditures to accommodate drug addicts? Strong moral objections to drug use might make it difficult to improve health care for people with drug problems.

☐ **Increase spending on drug education and treatment programs.**

Proponents argue that even though they may take a long time, education and treatment programs are the only way to cut demand. Once demand is under control, supply will dry up.

Critics charge that these programs do nothing to cure the immediate problem. In order to control drug trafficking, they believe, the supply must be cut off.

★ ★ ★

Because the challenge is great and the resources available to fight drug trafficking are limited, the U.S. and other countries must choose their strategies carefully.

Opinion Ballot
⇛ **on page 94** ⇛

FOR DISCUSSION

1. Colombian drug bosses once offered to get out of the drug business, pay off Colombia's foreign debt and help the government control narcotics trafficking in return for amnesty. Do you think Colombia should have accepted?

2. Fighting international drug traffic is not always the number one priority for U.S. foreign policy. Should it be? In what situations, if any, should the U.S. ignore drug trafficking?

3. The Federal antidrug effort is currently spread over more than 30 agencies. What would you do to make it more efficient?

4. Former first lady Nancy Reagan led a campaign urging people, especially children, to "just say no" to drugs. How important is reducing demand for illicit drugs? Can you think of other ways to cut demand?

5. Officials in some countries complain that U.S. antidrug policies interfere in their domestic affairs. They charge that the drug problem should be handled in the U.S. Is the U.S. overstepping its bounds by pressuring countries that produce illicit drugs?

6. Do you think the U.S. military should play a greater role in antidrug efforts? If so, in what way? What, if any, problems could this pose? What are the alternatives?

7. How would you allocate the funds set aside for antidrug use? What percentage would you spend on reducing supply, for example crop eradication programs or interdiction at U.S. borders? How much would you devote to drug education and treatment programs?

8. Legalization of drugs is talked about as a solution to the problem of drug trafficking. Do you agree? What problems would legalization create, if any?

SUGGESTED READINGS

Bagley, Bruce M., "Colombia and the War on Drugs." **Foreign Affairs,** Fall 1988, pp. 70–92. Examines Colombia's emergence as a principal drug-trafficking country and the domestic effects the drug trade has on Colombia.

Collett, Merrill, "The Myth of the 'Narcoguerrillas.'" **The Nation,** August 13/20, 1988, pp. 113–34. Journalist examines the relationship between narcotics traffickers and left-wing guerrillas in Latin America.

"Crack Down or Crack Up." **South,** August 1988, pp. 9–13. The effects of drug trafficking on Third World countries.

Lee, Rensselaer W., "Why the U.S. Cannot Stop South American Cocaine." **Orbis,** Fall 1988, pp. 499–519. Describes how the drug trade operates in Latin America and explains the problems U.S. antidrug programs encounter.

Millett, Richard, "Looking Beyond Noriega." **Foreign Policy,** Summer 1988, pp. 46–63. Details Noriega's rise to power and the prospects for Panama after he is gone.

Nadelmann, Ethan A., "U.S. Drug Policy: A Bad Export." **Foreign Policy,** Spring 1988, pp. 83–108. Drug-prohibition policies and the U.S. obsession with controlling drug trafficking are more trouble than they are worth.

President's Commission on Organized Crime, **America's Habit: Drug Abuse, Drug Trafficking, and Organized Crime.** March 1986 Report to the President and the attorney general. Washington, D.C., U.S. Government Printing Office, 1986. 486 pp. Comprehensive history both of drug abuse and drug trafficking in the U.S. and the various groups that supply illicit drugs.

Rosenberg, Tina, "Colombia: Murder City." **The Atlantic,** November 1988, pp. 20–30. Describes the effects of current drug-related violence on Medellín, Colombia, and the influence wielded by the drug bosses.

"The Traffic in Drugs: America's Global War." **The New York Times,** April 10–12, 1988. Three-part series examines U.S. antidrug efforts.

For further in-depth reading, write for the Great Decisions 1989 Bibliography (see page 4).

ILLUSTRATION CREDITS: pp. 79, 85 and 86, AP/Wide World Photos.

Index to GREAT DECISIONS Topics (1980–1988)

AFRICA

'87—South Africa: Apartheid Under Siege
'84—South Africa: Can U.S. Policies Influence Change?
'83—Africa South of the Sahara: Poverty, Hunger & Refugees
'81—South Africa: Can Race War Be Avoided?

ASIA

'88—South Korea: The Future of Democracy
'87—Pacific Basin: Alliances, Trade & Bases
'87—Pakistan & Afghanistan: Storm Over Southwest Asia
'85—The Philippines: What Future for Democracy?
'84—China & the U.S.: Five Years After Normalization
'83—Southeast Asia: ASEAN & Its Communist Neighbors
'82—Japan: Strategic Ally, Economic Rival
'81—China After Normalization: How Good a Friend for the U.S.?
'80—Vietnam & Its Neighbors: Big Powers & Little Wars

EUROPE

'86—European Community & the U.S.: Friction Among Friends
'85—Future of the Atlantic Alliance: Unity in Diversity?
'83—West Germany & the U.S.: What's Wrong With the Alliance?
'82—Western Europe & the U.S.: Frictions Among Friends

LATIN AMERICA

'88—Mexico & the U.S.: Ambivalent Allies
'86—Democracy in Latin America: Focus on Argentina & Brazil
'85—Revolutionary Cuba: Toward Accommodation or Conflict?
'84—Central America, Mexico & the U.S.: Discord Among Neighbors
'83—Inter-American Security: Lessons from the South Atlantic
'82—Central America: Fire in the 'Front Yard'?
'81—Central America & the Caribbean: New Political Earthquake Zone
'80—Brazil's Rising Power: What Weight in the World Scale?

MIDDLE EAST

'88—U.S. & the Middle East: Dangerous Drift?
'87—Egypt & the U.S.: Uneasy Relations
'86—Israel & the U.S.: Friendship & Discord
'85—Iran-Iraq War: What Role for the U.S. in Persian Gulf?
'84—Saudi Arabia & Jordan: Kingdoms at the Crossroads?
'83—Lebanon: Shattered State in the Middle East
'82—The Palestinians: History, Politics & Conflict
'81—From Cairo to Kabul: Oil, Islam, Israel—& Instability
'80—The Mideast & the Gulf: U.S. Policy in Ferment

SOVIET UNION

'88—The Soviet Union: Gorbachev's Reforms
'85—Soviet Leadership in Transition: What Impact on Superpower Relations?
'84—The Soviet Union: Hard Choices for Moscow—& Washington
'83—U.S.-Soviet Relations: The Arms Race & Coexistence
'82—Poland & the U.S.S.R.: Troubles in the Workers' Paradise
'81—The U.S. & the Soviet Union: Dilemmas of Power & Peace
'80—Eastern Europe: Emerging From Moscow's Shadow?

DEFENSE & SECURITY

'88—Western Europe: Between the Superpowers
'87—Defense & the Federal Deficit: U.S. Needs, Soviet Challenges
'86—'Star Wars' & the Geneva Talks: What Future for Arms Control?
'85—U.S. Intelligence: The Role of Undercover Operations
'84—U.S. Security & World Peace: Allies, Arms & Diplomacy
'83—Nuclear Proliferation: Who's Next to Get the Bomb?
'82—America's Defense: What Price Security?

ECONOMIC ISSUES

'88—U.S. Trade & Global Markets: Risks & Opportunities
'87—Foreign Investment in the U.S.: Selling of America?
'86—Third World Development: Old Problems, New Strategies?
'85—Budget Deficit, Trade & the Dollar: Economics of Foreign Policy
'84—International Debt Crisis: Borrowers, Banks & the IMF
'83—Trade & Unemployment: Global Bread-and-Butter Issues
'82—Global Inflation: Is There a Cure?
'81—Made in U.S.A.: Is American Competitiveness Slipping?
'80—The World Energy Crunch: U.S. Choices—at Home & Abroad

U.S. FOREIGN POLICY

'88—U.S. Foreign Policy: Projecting U.S. Influence
'87—Constitution & Foreign Policy: Role of Law in International Relations
'86—How Foreign Policy Is Made: The Case of Central America
'85—U.S. Intelligence: The Role of Undercover Operations

OTHER CRITICAL ISSUES

'88—The Global Environment: Reassessing the Threat
'87—Dealing With Revolution: Iran, Nicaragua & the Philippines
'86—International Terrorism: In Search of a Response
'86—Religion in World Politics: Why the Resurgence?
'85—Population Growth: Critical North-South Issue?
'84—International Drug Traffic: Can It Be Stopped?
'82—Protecting World Resources: Is Time Running Out?
'81—Food: Humanity's Need, America's Interest
'80—The UN at 35: Illusions & Realities
'80—Humanity on the Move: How Migration Affects Us

Profile of Opinion Ballot Participants and How Their Opinions Differ

As always with opinions on political issues, certain kinds of people are more likely to prefer particular options than do other kinds of people. Men, for example, are often thought to take a harder line in foreign policy than is true for women. This appears to be borne out by this poll. On the question of what is most effective in projecting U.S. influence, male participants checked "military power" twice as often as did female participants. At the same time, women inclined far more strongly toward the "diplomacy" option. There is clear evidence of a gender gap on this basic question of foreign policy.

There is also an age gap, which is even more pronounced. The younger respondents (up to 30 years of age) proved far more enamored of military power than their elders (over 30) and far less of diplomacy. This age gap may largely account for another gap, along educational lines. Respondents with not more than a high school diploma favored military power considerably more than is true for more highly educated respondents. Those still in high school proved especially fond of the macho alternative.

Traveling abroad, as indicated by the possession of a valid passport, or living abroad for a considerable stretch of time made only a small difference for these preferences. Opinion leaders, that is those who were asked for their opinions on foreign matters often, divided very much the same between those options as did respondents who were hardly ever asked for their opinions.

In general, men, the young and the less well-educated were more inclined than women, older and more-educated respondents to rate military options and get-tough policies as effective; they appeared less persuaded of the effectiveness of negotiations or of accommodating adversaries of the U.S., be it the Soviet Union or the PLO.

The most effective way for the U.S. to project its influence.

	Military Power vs.	Diplomacy
Men	21%	35%
Women	10%	40%
Aged 30 years or less	25%	28%
Over 30	11%	41%
High school education or less	22%	32%
More than high school education	14%	39%
Have valid passports	13%	40%
Do not have valid passports	18%	35%
Have lived abroad for 6 months or more	15%	37%
Asked for opinion on foreign matters:		
Often	15%	40%
Hardly ever	15%	36%

The 6,222 participants who mailed in their ballots are no cross section of the American public. Women outnumber men by three to two. The majority are over 60 years old. The states with the 10 largest numbers of participants are (in this order): Oregon, California, Florida, Washington State, Ohio, Illinois, New York, Colorado, Pennsylvania and Maryland. Almost one third of the participants had graduated from college, another third had obtained advanced degrees and one quarter had some college education. Many can be considered "opinion leaders" on matters of foreign policy: one in seven said they were often asked for their opinion on such matters, and half said this happened sometimes. And they are especially attuned to conditions and events outside the U.S. Six of ten report having a valid passport and three of ten report having lived abroad six months or longer.

A. ***How many years have you participated in the Great Decisions program (that is, attended one or more discussion sessions)?***

This is the first year I have participated	43%
I participated in one previous year	14%
I participated in more than one previous year	43%

B. ***Age***

17 or under	4%
18 to 30	19%
31 to 45	7%
46 to 60	13%
61 or over	57%

C. ***Sex***

Female	59%
Male	41%

D. ***Do you have a valid passport?***

Have	62%
Have not	38%

E. ***Have you lived abroad for six months or more?***

Have	28%
Have not	72%

F. ***Are you currently a student?***

Not a student	58%
Enrolled in high school	7%
Enrolled in college	17%
Enrolled in graduate school	1%
Enrolled in adult education course(s)	17%

G. ***What is the highest level of formal education you have completed?***

Some high school	6%
High school graduate	7%
Some college	26%
College graduate	31%
Advanced degree	31%

H. ***How often are you asked for your opinion on fforeign policy matters?***

Often	15%
Sometimes	51%
Hardly ever	34%

I. ***Would you say you have or have not changed your opinion in a fairly significant way as a result of taking part in the Great Decisions program?***

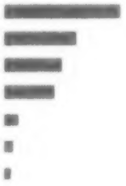
Have	43%
Have not	34%
Uncertain	23%

1988 OPINION BALLOT REPORT HIGHLIGHTS

(Results of an opinion survey of 6,222 participants)

Topic 1: U.S. FOREIGN POLICY
Projecting U.S. Influence

Issue A. ***The most effective way for the U.S. to project its influence.***



Diplomacy	38%
Trade policy	23%
Development aid	18%
Military power	15%
Information programs	4%
Military aid	2%
Covert action	1%

Issue B. ***How would you rate the following U.S. foreign policies in terms of advancing U.S. interests?***

	very effective	somewhat effective	not very effective	not effective
Support of Nicaraguan contras	7%	24%	29%	40%
Invasion of Grenada	22%	23%	24%	31%
U.S. military buildup	18%	41%	25%	15%
U.S. military presence in Persian Gulf	18%	47%	24%	11%
Arms control negotiations	49%	40%	10%	2%
Trade protectionism	7%	23%	40%	30%
Promoting Middle East peace conference	33%	36%	23%	8%

Topic 2: MEXICO & THE U.S.
Ambivalent Allies

The most important goal of U.S. policy toward Mexico.

Restrict drug traffic.	19%
Restrict illegal migration to U.S.	10%
Form a free-trade zone.	10%
Improve bilateral relations.	45%
Assure continued access to oil.	5%
Help relieve Mexico's debt burden.	10%
Pressure Mexico to support U.S. policy in Central America.	2%

Totals may not add up to 100% because of rounding.

Copies of the National Opinion Ballot Report are available at no charge from FPA.

Topic 3: U.S. TRADE & GLOBAL MARKETS
Risks & Opportunities

Issue A. ***The solution of the trade deficit is likely to present difficult trade-offs for the American public. Which of the following is most important to you?***

Low-cost consumer products, even if they are foreign-made.	10%
Maintaining U.S. steel and automobile industries, even if they must be protected.	11%
Ranking No. 1 among world economic powers, even if it entails a stronger commitment to free trade and greater competition for U.S. goods.	36%
High wages and profits, even if they make U.S. products less competitive than those from other countries.	2%
Negotiating further reductions in trade barriers, even if some U.S. exports suffer.	41%

Issue B. ***Which policy would be most effective in reducing the trade deficit?***

Encouraging Americans to purchase only those goods made in the U.S.	8%
Reducing the Federal budget deficit.	43%
Having a "Marshall Plan" for Latin America to encourage purchases of U.S. products.	5%
Passing legislation protecting U.S. industries.	4%
Encouraging those industries in which the U.S. has a comparative advantage.	22%
Retraining workers in industries that are no longer competitive.	9%
Holding regular international meetings to try to stabilize the value of the dollar.	9%

Topic 4: THE SOVIET UNION
Gorbachev's Reforms

Issue A. ***In economic relations with the Soviet Union, the U.S. should:***

Loosen barriers to U.S.-Soviet trade and support Soviet participation in international economic organizations.	54%
Make loosening of trade barriers contingent on relaxation of Soviet emigration policy and improvements in recognition of human rights.	39%
Seek to block efforts of U.S.S.R. to integrate its economy into the global economy because the economic benefits the Soviet Union would realize would help make it a stronger and more dangerous adversary.	7%

Issue B. In the field of arms control, the U.S. should:

Resist signing arms control agreements because the Soviets cannot be trusted and arms control would provide Gorbachev with a breathing space to build a stronger Soviet military.	6%
Take advantage of Gorbachev's eagerness for arms control agreements so that the U.S. and Soviet Union can intensify talks on a broad range of issues.	67%
Seek arms control agreements because, regardless of their effect on the Soviets, such agreements are in the U.S. interest economically and strategically.	27%

Topic 5: U.S. & THE MIDDLE EAST
Dangerous Drift?

Rate the following in terms of their effectiveness in safeguarding U.S. interests in the Middle East.

	very effective	somewhat effective	not very effective	not effective
Continued strong support for Israel	22%	43%	26%	9%
Improved relations with moderate Arabs	34%	52%	12%	2%
Recognition of the PLO and support for its inclusion in negotiations	22%	39%	24%	15%
Acceptance of the Soviets as participants in the Middle East peace process	23%	44%	20%	12%
U.S. military intervention in Persian Gulf	13%	34%	29%	24%

Topic 6: THE GLOBAL ENVIRONMENT
Reassessing the Threat

Issue A. The most important environmental issue on the foreign policy agenda.

Air issues, such as slowing ozone depletion and climate change	37%
Water issues, such as cleaning up toxic wastes	18%
Food issues, such as preventing soil erosion	6%
Energy issues, such as ensuring adequate oil supply and regulating nuclear energy	9%
Overpopulation	28%
Protection of endangered species	1%
Conservation of biological diversity	2%

Issue B. What is the most effective way for the U.S. to respond to environmental problems?

Legislate strict domestic laws setting restrictions on pollution.	28%
Seek bilateral and multilateral agreements on environmental issues.	57%
Let free market forces deal with environmental problems.	3%
Give tax incentives to companies combating pollution.	12%

Topic 7: SOUTH KOREA
The Future of Democracy

Issue A. Should the U.S. pressure South Korea to liberalize its economy?

Yes	12%
Yes, but with restraint	67%
No	21%

Issue B. What should the U.S. do to encourage a peaceful transfer of power in South Korea?

Do nothing; it is a domestic matter.	60%
Endorse the president-elect and hold meetings with him to show approval.	34%
Support the opposition.	3%
Threaten to boycott the Olympics if the transition does not go smoothly.	3%

Topic 8: WESTERN EUROPE
Between the Superpowers

Which of the following policies would be most effective in serving U.S. security interests?

Continue U.S. participation in NATO, maintain current structure and strategy.	16%
Encourage greater European autonomy in defense without decreasing American commitment to NATO.	69%
Reduce U.S. participation in NATO.	13%
Withdraw from NATO and redirect resources to other areas, for example the Persian Gulf or the Pacific Basin.	1%

Helmut Norpoth, a public opinion expert, is the author of the *National Opinion Ballot Report.* His analysis is based on a tabulation prepared by the Calculogic Corporation of New York City.

Dr. Norpoth is a professor of political science at the State University of New York at Stony Brook. He has served as a consultant for the New York Times/CBS News Poll and has been the recipient of a number of research and travel grants and awards. A scholar of European and U.S. party politics, Dr. Norpoth has published numerous articles in the U.S. and West Germany.

Opinion Ballots

How to use the Opinion Ballot: *For your convenience, there are two sets of ballots. Please cut out and mail your completed ballots (the entire page) before* **June 30** *so they can be included in the national tabulation. N.B. If your group wants to discuss ballot responses after each meeting, we suggest you photocopy the ballot pages for your own use.*

Topic 1: Ethics in International Relations

Issue A. The U.S. relies on a number of policy instruments to advance its interests, some of which are listed below. For each, check whether you agree, agree with reservations or disagree that the policy is ethically acceptable.

	1 agree	2 agree with reservations	3 disagree
a. Nuclear deterrence	☐	☐	☐
b. Armed intervention	☐	☐	☐
c. Covert action	☐	☐	☐
d. Economic sanctions	☐	☐	☐

Other, or comment ....

....

Issue B. How would you rate the following policies in terms of their effectiveness in advancing U.S. interests? Check one column for each policy listed.

	1 very effective	2 somewhat effective	3 not very effective	4 not effective
a. Nuclear deterrence	☐	☐	☐	☐
b. Armed intervention	☐	☐	☐	☐
c. Covert action	☐	☐	☐	☐
d. Economic sanctions	☐	☐	☐	☐

Other, or comment ....

....

Topic 2: The Persian Gulf

Issue A. When it comes to protecting American interests in the Persian Gulf, the U.S. should:

	1 yes	2 no
a. Be prepared to use force.	☐	☐
b. Sell advanced arms to moderate Arab states.	☐	☐
c. Strengthen the role of the UN.	☐	☐
d. Cooperate with the Soviet Union.	☐	☐

Other, or comment ....

....

Issue B. With regard to relations with Iran and Iraq, the U.S. should:

☐ 1. Favor Iran over Iraq.

☐ 2. Stay neutral.

☐ 3. Favor Iraq over Iran.

Other, or comment ....

....

Topic 3: Latin American Debt

Issue A. With regard to Latin American debt, the U.S. should (check one choice only):

☐ 1. Leave debt problems for the Latin American governments and their creditor banks to work out.

☐ 2. Continue the case-by-case strategy of debt management as outlined under the Baker Plan.

☐ 3. Transfer responsibility for debt management from the U.S. Treasury to an international agency under the auspices of the World Bank.

Other, or comment ....

....

Issue B. Which of the following statements comes closest to your thinking?

☐ 1. Latin American debtors should be held responsible for all the debts no matter what the social and political costs.

☐ 2. Latin American debtors should service their debts according to their ability to do so.

☐ 3. Some or all of the region's debts should be forgiven.

Other, or comment ....

....

Topic 4: Arms Agreements

For each issue listed below, check the one statement that comes closest to expressing your opinion. Check one option only.

Issue A. On strategic arms, the U.S. should:

☐ 1. Proceed cautiously before concluding a START treaty.

☐ 2. Work toward rapidly concluding a START agreement.

☐ 3. Work toward deeper reductions than those called for by START.

☐ 4. Take unilateral steps toward nuclear disarmament.

Other, or comment ....

....

Issue B. On conventional arms, the U.S. should:

☐ 1. Seek deep cuts in Warsaw Pact forces in exchange for modest cuts in NATO forces.

☐ 2. Seek deeper cuts in Warsaw Pact forces in exchange for deep cuts in NATO forces.

☐ 3. Build up its conventional capability.

☐ 4. Make unilateral reductions in conventional forces.

Other, or comment ....

....

Topic 5: China

Issue A. The primary goal of U.S. policy toward China should be to (choose one):

☐ 1. Increase ties with China across the board.

☐ 2. Increase economic and cultural exchanges but limit defense cooperation.

☐ 3. Maintain the current level of relations.

☐ 4. Reduce ties to China.

Other, or comment ....

....

Issue B. Do you consider the following constitute obstacles to improved U.S. relations with China?

	1 **yes**	2 **no**
a. U.S. protectionist trade policies.	☐	☐
b. The Taiwan issue.	☐	☐
c. China's treatment of Tibetans and other minorities.	☐	☐
d. China's arms sales to the Third World.	☐	☐
e. China's improving relations with the Soviet Union.	☐	☐
f. China's one-child policy.	☐	☐

Other, or comment ....

....

Topic 6: Farmers, Food and the Global Supermarket

Issue A. On a scale of 1 to 10, where 1 is low in importance and 10 is high, how important, in your opinion, is each of the following farm and food issues?

_______ a. The survival of the American family farm.

_______ b. The promotion of free agricultural trade.

_______ c. The elimination of hunger worldwide.

_______ d. Global population control.

_______ e. Global land management and environmental protection.

_______ f. Reasonably priced and plentiful food for Americans.

_______ g. Emergency food aid for countries in need.

_______ h. Long-term development assistance for Third World countries.

Other, or comment ....

....

Issue B. With respect to its domestic farm policy and international agricultural trade, the U.S. should (check one only):

☐ 1. Give farmers subsidies or other Federal support regardless of the effect on international trade.

☐ 2. Give farmers subsidies or other Federal support as long as that does not interfere with international trade.

☐ 3. Use subsidies as a bargaining tool to get other countries to relax their agricultural trade restrictions.

☐ 4. Eliminate subsidies and other Federal support for farmers.

Other, or comment ....

....

Topic 7: Horn of Africa

Issue A. On a scale of 1 to 10, where 1 is low in effectiveness and 10 is high, how effective, in your opinion, is each of the following in promoting U.S. interests in Ethiopia?

_______ a. Provide development aid to Ethiopia.

_______ b. Buy more Ethiopian products.

_______ c. Impose trade sanctions against Ethiopia.

_______ d. Withhold food aid from Ethiopia.

_______ e. Condition development aid on improvement in human rights situation.

_______ f. Support the Eritrean resistance.

_______ g. Seek Soviet cooperation to resolve Eritrean war.

Other, or comment ....

....

Issue B. What policy should the U.S. follow toward Somalia?

☐ 1. Continue to give aid to the Siad Barre government.

☐ 2. Condition future aid on improvements in human rights situation.

☐ 3. Withhold aid.

Other, or comment ....

....

Topic 8: International Drug Traffic

Issue A. On a scale of 1 to 10, where 1 is low in effectiveness and 10 is high, how effective, in your opinion, is each of the following in combating illicit drugs?

_______ a. Pressure on producer countries to halt supplies.

_______ b. U.S. military interdiction.

_______ c. U.S. aid to producer countries.

_______ d. Drug education and treatment programs in the U.S.

_______ e. Legalization of drugs in the U.S.

Other, or comment ....

....

In planning future Great Decisions programs, we would find it helpful to know more about participants and would appreciate your answers to the questions below.

A. *How many years have you participated in the Great Decisions program (that is, attended one or more discussion sessions)?*
- ☐ **1.** *This is the first year I have participated.*
- ☐ **2.** *I participated in one previous year.*
- ☐ **3.** *I participated in more than one previous year.*

B. *What is your age?*
- ☐ **1.** *17 or under* ☐ **3.** *31 to 45* ☐ **5.** *61 or over*
- ☐ **2.** *18 to 30* ☐ **4.** *46 to 60*

C. *Your sex?*
- ☐ **1.** *Female* ☐ **2.** *Male*

D. *Have you been abroad during the last four years?*
- ☐ **1.** *Yes* ☐ **2.** *No*

E. *What is the highest level of formal education you have completed?*
- ☐ **1.** *Some high school* ☐ **4.** *College graduate*
- ☐ **2.** *High school degree* ☐ **5.** *Advanced degree*
- ☐ **3.** *Some college*

F. *How often are you asked for your opinion on foreign policy matters?*
- ☐ **1.** *Often* ☐ **2.** *Sometimes* ☐ **3.** *Hardly ever*

G. *One final question. Would you say you have or have not changed your opinion in a fairly significant way as a result of taking part in the Great Decisions program?*
- ☐ **1.** *Have* ☐ **2.** *Have not* ☐ **3.** *Uncertain*

Your zip code: _______ _______ _______
(first three digits only)

Opinion Ballots

How to use the Opinion Ballot: *For your convenience, there are two sets of ballots. Please cut out and mail your completed ballots (the entire page) before* **June 30** *so they can be included in the national tabulation. N.B. If your group wants to discuss ballot responses after each meeting, we suggest you photocopy the ballot pages for your own use.*

Topic 1: Ethics in International Relations

Issue A. The U.S. relies on a number of policy instruments to advance its interests, some of which are listed below. For each, check whether you agree, agree with reservations or disagree that the policy is ethically acceptable.

	1 agree	2 agree with reservations	3 disagree
a. Nuclear deterrence	☐	☐	☐
b. Armed intervention	☐	☐	☐
c. Covert action	☐	☐	☐
d. Economic sanctions	☐	☐	☐

Other, or comment ....

....

Issue B. How would you rate the following policies in terms of their effectiveness in advancing U.S. interests? Check one column for each policy listed.

	1 very effective	2 somewhat effective	3 not very effective	4 not effective
a. Nuclear deterrence	☐	☐	☐	☐
b. Armed intervention	☐	☐	☐	☐
c. Covert action	☐	☐	☐	☐
d. Economic sanctions	☐	☐	☐	☐

Other, or comment ....

....

Topic 2: The Persian Gulf

Issue A. When it comes to protecting American interests in the Persian Gulf, the U.S. should:

	1 **yes**	2 **no**
a. Be prepared to use force.	☐	☐
b. Sell advanced arms to moderate Arab states.	☐	☐
c. Strengthen the role of the UN.	☐	☐
d. Cooperate with the Soviet Union.	☐	☐

Other, or comment ....

....

Issue B. With regard to relations with Iran and Iraq, the U.S. should:

☐ 1. Favor Iran over Iraq.
☐ 2. Stay neutral.
☐ 3. Favor Iraq over Iran.

Other, or comment ....

....

Topic 3: Latin American Debt

Issue A. With regard to Latin American debt, the U.S. should (check one choice only):

☐ 1. Leave debt problems for the Latin American governments and their creditor banks to work out.
☐ 2. Continue the case-by-case strategy of debt management as outlined under the Baker Plan.
☐ 3. Transfer responsibility for debt management from the U.S. Treasury to an international agency under the auspices of the World Bank.

Other, or comment ....

....

Issue B. Which of the following statements comes closest to your thinking?

☐ 1. Latin American debtors should be held responsible for all the debts no matter what the social and political costs.
☐ 2. Latin American debtors should service their debts according to their ability to do so.
☐ 3. Some or all of the region's debts should be forgiven.

Other, or comment ....

....

Topic 4: Arms Agreements

For each issue listed below, check the one statement that comes closest to expressing your opinion. Check one option only.

Issue A. On strategic arms, the U.S. should:

☐ 1. Proceed cautiously before concluding a START treaty.
☐ 2. Work toward rapidly concluding a START agreement.
☐ 3. Work toward deeper reductions than those called for by START.
☐ 4. Take unilateral steps toward nuclear disarmament.

Other, or comment ....

....

Issue B. On conventional arms, the U.S. should:

☐ 1. Seek deep cuts in Warsaw Pact forces in exchange for modest cuts in NATO forces.
☐ 2. Seek deeper cuts in Warsaw Pact forces in exchange for deep cuts in NATO forces.
☐ 3. Build up its conventional capability.
☐ 4. Make unilateral reductions in conventional forces.

Other, or comment ....

....

Topic 5: China

Issue A. The primary goal of U.S. policy toward China should be to (choose one):

☐ 1. Increase ties with China across the board.

☐ 2. Increase economic and cultural exchanges but limit defense cooperation.

☐ 3. Maintain the current level of relations.

☐ 4. Reduce ties to China.

Other, or comment ....

....

Issue B. Do you consider the following constitute obstacles to improved U.S. relations with China?

	1 yes	2 no
a. U.S. protectionist trade policies.	☐	☐
b. The Taiwan issue.	☐	☐
c. China's treatment of Tibetans and other minorities.	☐	☐
d. China's arms sales to the Third World.	☐	☐
e. China's improving relations with the Soviet Union.	☐	☐
f. China's one-child policy.	☐	☐

Other, or comment ....

....

Topic 6: Farmers, Food and the Global Supermarket

Issue A. On a scale of 1 to 10, where 1 is low in importance and 10 is high, how important, in your opinion, is each of the following farm and food issues?

______ a. The survival of the American family farm.

______ b. The promotion of free agricultural trade.

______ c. The elimination of hunger worldwide.

______ d. Global population control.

______ e. Global land management and environmental protection.

______ f. Reasonably priced and plentiful food for Americans.

______ g. Emergency food aid for countries in need.

______ h. Long-term development assistance for Third World countries.

Other, or comment ....

....

Issue B. With respect to its domestic farm policy and international agricultural trade, the U.S. should (check one only):

☐ 1. Give farmers subsidies or other Federal support regardless of the effect on international trade.

☐ 2. Give farmers subsidies or other Federal support as long as that does not interfere with international trade.

☐ 3. Use subsidies as a bargaining tool to get other countries to relax their agricultural trade restrictions.

☐ 4. Eliminate subsidies and other Federal support for farmers.

Other, or comment ....

....

Topic 7: Horn of Africa

Issue A. On a scale of 1 to 10, where 1 is low in effectiveness and 10 is high, how effective, in your opinion, is each of the following in promoting U.S. interests in Ethiopia?

______ a. Provide development aid to Ethiopia.

______ b. Buy more Ethiopian products.

______ c. Impose trade sanctions against Ethiopia

______ d. Withhold food aid from Ethiopia.

______ e. Condition development aid on improvement in human rights situation.

______ f. Support the Eritrean resistance.

______ g. Seek Soviet cooperation to resolve Eritrean war.

Other, or comment ....

....

Issue B. What policy should the U.S. follow toward Somalia?

☐ 1. Continue to give aid to the Siad Barre government.

☐ 2. Condition future aid on improvements in human rights situation.

☐ 3. Withhold aid.

Other, or comment ....

....

Topic 8: International Drug Traffic

Issue A. On a scale of 1 to 10, where 1 is low in effectiveness and 10 is high, how effective, in your opinion, is each of the following in combating illicit drugs?

______ a. Pressure on producer countries to halt supplies.

______ b. U.S. military interdiction.

______ c. U.S. aid to producer countries.

______ d. Drug education and treatment programs in the U.S.

______ e. Legalization of drugs in the U.S.

Other, or comment ....

....

In planning future GREAT DECISIONS programs, we would find it helpful to know more about participants and would appreciate your answers to the questions below.

A. *How many years have you participated in the GREAT DECISIONS program (that is, attended one or more discussion sessions)?*
- ☐ **1.** *This is the first year I have participated.*
- ☐ **2.** *I participated in one previous year.*
- ☐ **3.** *I participated in more than one previous year.*

B. *What is your age?*
- ☐ **1.** *17 or under* ☐ **3.** *31 to 45* ☐ **5.** *61 or over*
- ☐ **2.** *18 to 30* ☐ **4.** *46 to 60*

C. *Your sex?*
- ☐ **1.** *Female* ☐ **2.** *Male*

D. *Have you been abroad during the last four years?*
- ☐ **1.** *Yes* ☐ **2.** *No*

E. *What is the highest level of formal education you have completed?*
- ☐ **1.** *Some high school* ☐ **4.** *College graduate*
- ☐ **2.** *High school degree* ☐ **5.** *Advanced degree*
- ☐ **3.** *Some college*

F. *How often are you asked for your opinion on foreign policy matters?*
- ☐ **1.** *Often* ☐ **2.** *Sometimes* ☐ **3.** *Hardly ever*

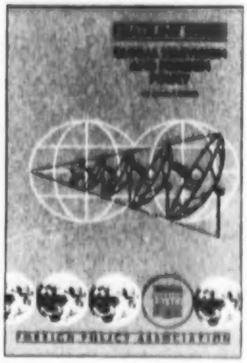
G. *One final question. Would you say you have or have not changed your opinion in a fairly significant way as a result of taking part in the GREAT DECISIONS program?*
- ☐ **1.** *Have* ☐ **2.** *Have not* ☐ **3.** *Uncertain*

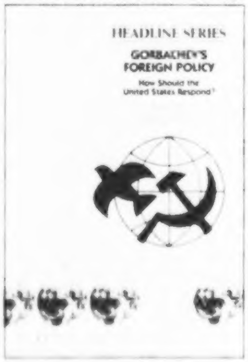
Your zip code: ______ ______ ______
(first three digits only)

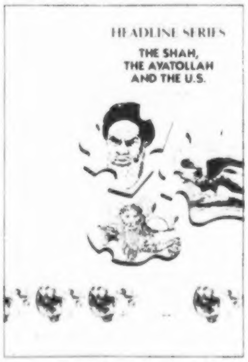
EXTRA EXTRA get your HEADLINE SERIES!

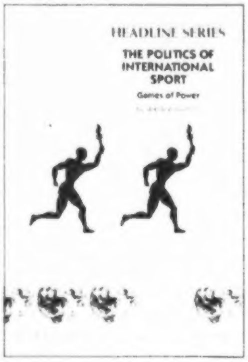
To complement *Great Decisions* and enable you to continue your dialogue on international issues with members of your discussion group, your students, your friends and business associates, and with your elected representatives, the Foreign Policy Association invites you to *subscribe to the Headline Series*.

By receiving FPA's *Headline Series* publications you continue to keep pace with world events and prepare yourself more thoroughly to arrive at your own informed opinions on controversial foreign policy issues of our time. *Headline Series* publications have served their readers since 1935.


FOREIGN POLICY ASSOCIATION


HEADLINE SERIES
GORBACHEV'S FOREIGN POLICY
How Should the United States Respond?


HEADLINE SERIES
THE SHAH, THE AYATOLLAH AND THE U.S.


HEADLINE SERIES
THE POLITICS OF INTERNATIONAL SPORT
Games of Power

Headline Series publications are unique because they are

- concise (usually 64–72 pages long)
- clearly written
- by recognized experts
- a balanced account
- on one country, region or issue of current interest

and they . . .

- cover subjects about which little information is available
- include maps, charts, graphs and illustrations
- present discussion questions and a reading list for those who want to know more
- appear in an attractive pocket-size format.

Available on subscription or as individual copies, they are used by the general reader, teachers, students, librarians and professionals who want background and analysis on world events in the news.

And the price is right: $15 (one year) $25 (two years) $30 (three years)
Single copies: $4.00 each

For a **free** catalogue of FPA publications, with *Headline Series* titles and other FPA publications, write to:

Foreign Policy Association, 729 Seventh Avenue, New York, NY 10019
or call: (212) 764-4050

ISBN 0-87124-122-6
ISSN 0072-727x

$9.00

FOREIGN POLICY ASSOCIATION

93